A COMPARATIVE SOCIO-ECONOMIC IMPACT ASSESSMENT OF THE COVID-19 PANDEMIC ON TOURISM SMALL, MEDIUM AND MICRO ENTERPRISES (SMMES) IN COASTAL CITIES: CASE STUDIES OF CAPE TOWN AND DURBAN, SOUTH AFRICA

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PREFACE

The work described in this thesis was carried out in the School of Agriculture, Earth and Environmental Sciences, University of KwaZulu Natal, Westville campus, from September 2021 to July 2024, under the supervision of Dr Suveshnee Munien and Dr Amanda Gumede. This study represents original work by Ntwademela Sankofa Perry and has not otherwise been submitted in any form for any degree or diploma to any tertiary institution. Where use has been made of the work of others it is duly acknowledged in the text.

DECLARATION 1: PLAGARISIM

I, Ntwademela Sankofa Perry, declare that:

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2. This thesis has not been submitted for any degree or examination at any other university.
3. This thesis does not contain other persons' data, pictures, graphs, or other information unless specifically acknowledged as being sourced from other persons.
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[redacted] 23 March 2025

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Dr Amanda Gumede (co-supervisor) Date

DECLARATION 2: PUBLICATIONS

The results obtained in this study and key literature have resulted in the following:

- Perry, N.S., Gumede, A. and Munien, S., 2024. A comparative analysis of responses to the COVID-19 tourism disruptions among small, medium and micro enterprises in coastal locations: Case studies of Cape Town and Durban, South Africa. *Development Southern Africa*, pp.1-16.

The results obtained in this study and key literature are currently being processed for publication.

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Dr Amanda Gumede (co-supervisor) Date

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This study draws on research undertaken in two coastal and marine tourism locations in urban settings (Cape Town and Durban) in South Africa. Thank you to all the fieldworkers, data capturers, tourism Small, Medium and Micro Enterprises (SMMEs), and key informants who participated in the research. To the National Department of Tourism (NDT), who funded the research, your support of tourism research and creating opportunities for students is acknowledged and most appreciated.

ABSTRACT

Tourism businesses at specific destinations play a strategic role across the tourism value chain, contributing to job creation and local economic development. The economic downturn associated with Coronavirus Disease 2019 (COVID-19) had and continues to have severe implications for the tourism sector that came to a halt as global and national travel was curtailed to control the spread of the virus. Coastal and Marine Tourism (CMT) sites in South Africa are regarded as the form of tourism, which has the highest demand with the largest concentration of Small, Medium and Micro Enterprises (SMMEs). The reasons for the focus on SMMEs are twofold: they make up the majority of the businesses in the tourism sector, and they are most vulnerable to disruptions. While there has been an increase in research on the impacts of the COVID-19 pandemic on businesses, there is limited research on CMT businesses that adopts a comparative approach. Cape Town and Durban were purposively chosen because they are key CMT destinations. A theoretical framework that combines stakeholder theory, diffusion theory (including Sen's capabilities framework), and Drivers, Pressures, State, Impacts and Responses (DPSIR) is utilized. In this framework, SMMEs are considered the primary stakeholders, which is the focus of this study. Furthermore, diffusion theory is employed to analyze the SMMEs' ability and potential to adapt to change. What capabilities tourism SMMEs have and which are critical to enable successful responsiveness to the COVID-19 pandemic is a key focus of the study. The capabilities approach provides the framework to assess the impacts of new and emerging technologies that have characterized responses to the COVID-19 pandemic. The DPSIR model provides a useful approach to examine internal and external (the COVID-19 pandemic being a major externality) drivers and pressures that impact tourism SMMEs and the factors that influence the responses. A mixed methods methodological approach was adopted, including a desktop component, a quantitative survey targeting tourism SMMEs in Cape Town and Durban, and key informant interviews. Specifically, for the quantitative survey, 446 surveys were conducted with SMMEs at purposively selected beach/ CMT locations in Cape Town (219) and Durban (227), which enabled a comparative analysis to be undertaken. Twelve key informant interviews were completed with relevant government department officials, representatives from tourism and small business organizations, and academic researchers. Parts of the primary data used in this study were from a larger National Department of Tourism (NDT) funded research project titled 'Enabling SMMEs Survival and Growth During/ Post COVID-19'. The findings indicate that tourism SMMEs offer several products and services, being involved in a wide range of activities, which is reflective of the diversity of the tourism landscape and value chain in South Africa. The study's primary findings indicate significant differences in the profiles of SMMEs based on factors such as location, turnover, business formality, employee count, and years in operation that affect the SMMEs' capabilities and responses to cope with the COVID-19 disruptions. Tourism SMMEs experienced both operational and disruption risks, with the COVID-19 pandemic being the disruption risk that triggered numerous operational risks. The responses indicate most SMMEs interviewed faced multiple and severe COVID-19 pandemic disruptions, with most indicating decreases in sales/ demand for goods and services as well as cash flow availability, denoting the dominance of financial challenges. Various SMMEs adopted diverse tools and measures to deal with the pandemic, including employee changes, organizational adjustments, and financial changes, with most of the responses being reactive and unplanned and not being innovative. However, most businesses indicated that they will continue to change their operations even when the pandemic is under control. The results demonstrate that the impact of COVID-19 varied across

different types of SMMEs and at different locations, with those in Cape Town adopting more strategies and being more likely to recover sooner. Those SMMEs with limited resources and support were more vulnerable. Additionally, some types of businesses were forced to implement strategies such as retrenchments and utilizing personal and business savings, leaving them more vulnerable in the future. The lack of capabilities and high levels of vulnerability, especially among micro-enterprises, implies that these businesses are unlikely to be able to adapt to changing consumer demands and increased disruptions. Financial support emerged as being critically important to support tourism SMMEs and despite challenges experienced by the government, there was consensus that they were best positioned to provide the support. Most of the tourism SMMEs that secured government support viewed it as being beneficial. Most tourism SMMEs either were not aware of government support or felt that they did not qualify for the support offered. For most variables examined, differences were noted between Cape Town and Durban indicating that place matters when examining the impacts of disruptions on tourism SMMEs. The study recommends interventions such as providing funding and supporting training to better position tourism SMMEs to be resilient in a world where disruptions are likely to be experienced more regularly in the face of climate change and economic recessions. As the recovery of the tourism sector resumes, drivers that were prominent before the COVID-19 pandemic (including destination reputation, increased tourism consumption, and the expectation for diverse and new tourism products and services) will need to be integrated into recovery and long-term sustainability plans for the sector with promoting tourism, especially domestic tourism via the implementation of the domestic Tourism Scheme, being central. To build greater resilience and capabilities to deal with future disruptions it is important to create enabling conditions for tourism demand to grow sustainably and for tourism SMMEs to be responsive and prepared. A resiliency framework is proposed that includes a vulnerability assessment of tourism SMMEs to provide a vulnerability index. A funding framework is also recommended to provide financial support in an efficient and accountable manner that is not reliant solely on government support that assists tourism SMMEs to cope with major disruptions/ crises. Effective communication and awareness strategies as well as training are also advocated. The variations among tourism SMMEs, especially understanding the vulnerability profiles of tourism SMMEs at specific locations, are critical to consider since they are likely to influence the strategies used to respond to disruptions and build resilience that strengthens the tourism sector.

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ABBREVIATIONS

B-BBEE	Broad-based Black Economic Empowerment
BEE	Black Economic Empowerment
C4G	Catalyst for Growth
CC	Closed Corporation
CMT	Coastal and Marine Tourism
CNBC	Consumer News and Business Channel
COVID-19	Coronavirus Disease 2019
DPME	Department of Planning, Monitoring and Evaluation
DPSIR	Drivers, Pressures, State, Impacts and Responses
GDP	Gross Domestic Product
GVA	Gross Value Added
ILO	International Labor Organization
IPCC	Intergovernmental Panel on Climate Change
MICE	Meetings, Incentives, Conferences and Exhibitions
NDP	National Development Plan
NDT	National Department of Tourism
NPC	National Planning Commission
NPO	Non-Profit Organization
OECD	Organization for Economic Cooperation and Development
PPE	Personal Protective Equipment
PTY LTD	Proprietary Limited
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SEDA	Small Enterprise Development Agency
SMMEs	Small, Medium and Micro Enterprises
TBCSA	Tourism Business Council of South Africa
TERS	Temporary-Employee Relief Scheme
TOPCO	Top Performing Companies
TUI	Touristik Union International
UIF	Unemployment Insurance Fund
UKZN	University of KwaZulu-Natal
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	United Nations World Tourism Organization
V&A	Victoria and Alfred
WEF	World Economic Forum
WTTC	World Travel and Tourism Council

CHAPTER ONE
INTRODUCTION

1.1. Preamble

Across the tourism value chain, tourism businesses at specific destinations play a strategic role in contributing to local economic development, promoting tourism, providing tourism experiences and services, and job creation (Alcalá-Ordóñez et al., 2024; Dilshod et al., 2024; González-Torres et al., 2021; Nyikana and Bama, 2023; Tasnim et al., 2023; Zulu et al., 2023). The World Economic Forum (WEF, 2020) notes that the tourism industry globally accounts for 10% of the Gross Domestic Product (GDP), indicating its prominence in the economy and having significant impacts on livelihoods, jobs, economic growth, and the natural resource base. Beach/ coastal and marine tourism (CMT) locations in urban areas, the focus of this study, are key tourism destinations in numerous coastal countries, including South Africa. Grimett (2022) states that CMT has been most developed within the urban coastal areas within the South African context. The Coronavirus Disease 2019 (COVID-19) pandemic disruptions severely disrupted the tourism sector, starting with the initial national and international travel restrictions that were implemented to limit the spread of the virus, which brought travel and leisure activities to a standstill. Several studies indicate that the economic downturn associated with the COVID-19 pandemic has varied and long-lasting implications for the tourism sector, which was one of the sectors most affected as restrictions were enforced to limit travel nationally and globally to control the spread of the virus (Chukwuneme et al., 2023; Gounden et al., 2024; Gudkov, 2024; Huang and Wang, 2023; Kumar and Ekka; 2024; Sumantri and Rahmat, 2023; Tasnim et al., 2023).

The International Labor Organization (ILO, 2020) states that the pandemic is associated with disconcertingly high levels of economic uncertainty and unemployment. In this context, despite travel restrictions no longer being enforced, the pandemic continues to negatively impact the sector and disruptions remain a constant threat (Aladejebi, 2020; Chowdhury et al., 2024; Tasnim et al., 2023). This underscores the importance of better understanding differences among tourism Small, Medium and Micro Enterprises (SMMEs) in relation to impacts, responses, and resilience. Resilience encapsulates the ability/ capacity to adapt/ respond to changes and recover from or address difficulties, challenges, and risks (Moşteanu, 2024; Nzama, 2023).

The focus of this study is on CMT locations in South Africa which are well-established national and international tourism destinations, attracting significant demand and being home to a large number of SMMEs. Additionally, coastal and marine ecosystems provide several livelihood/ economic and recreational opportunities globally, as well as water, food, minerals, biodiversity, energy, and other resources (Arkema et al., 2024; Carvache-Franco et al., 2022a; 2022b; Chakraborty et al., 2020; Duan et al., 2022; Hernández et al., 2023; Solé Figueras et al., 2024).

The United Nations Environment Program (UNEP, 2009: 10) views coastal tourism as being a tourism experience providing a unique blend of sea and land resources, including coastal scenic landscapes, water, biodiversity, beaches, cultural heritage, food establishments/ restaurants, accommodation facilities as well as recreational and other types of infrastructure. Beaches, in particular, as noted by Enriquez-Acevedo et al. (2018), Rodella et al. (2019), Xavier et al. (2023) and Zielinski and Botero (2020), offer direct tourism benefits and indirect advantages, including environmental preservation and recreational opportunities for tourists and residents. CMT, within the context of the ocean economy and specifically Operation Phakisa in South Africa (intended to unlock the oceans' economic potential), presents several opportunities for economic development, job creation and sustainability (Loureiro et al., 2022; Krug et al., 2024; Operation Phakisa, 2014; Struwig et al., 2024). Coastal areas globally are home to over half of the world's population and together with tourism visitors, these locations face environmental stressors (Joseph, 2017). Gounden (2021) and Vetrimurugan et al. (2019) reveal stressors on KwaZulu-Natal's beaches due to urbanization and tourism development. Given the socio-economic and environmental benefits of CMT (Amilasan, 2024; Carvache-Franco et al., 2022a; 2022b; Chakraborty et al., 2020; Duan et al., 2022; Hernández et al., 2023; Xavier et al., 2023), examining COVID-19 impacts becomes crucial.

CMT contributes substantially economically, creating several economic and recreational opportunities and displaying growth (Bob et al., 2018; Chang et al., 2024; Jiang et al., 2022) before the COVID-19 pandemic. The emphasis on CMT SMMEs in this study is to focus on the majority of businesses within the tourism sector that are specifically vulnerable to disruptions, as noted by Duan et al. (2022), Chowdhury et al. (2024) and Zulu et al. (2023) which can undermine resilience

and sustainability, evident during the COVID-19 pandemic, previous economic recessions, and extreme climate weather events linked to climate change. Moşteanu (2024) asserts that the world is typified by unparalleled socio-financial (as well as health and environmental) disruptions that necessitate businesses to embrace and prepare for unpredictability and enable resilience for business continuity in continuously changing landscapes. Moşteanu (2024) further states that the COVID-19 pandemic worsened the prevailing landscape of socio-financial disruptions where a complex array of contributing factors includes societal shifts, global economic uncertainties and technological transformations. Additional aspects identified are climate change concerns, the rapid pace of technological innovation, and geopolitical tensions contributing to changing and dynamic socio-financial landscapes (Moşteanu, 2024).

Nzama (2023: 239) asserts: "The COVID-19 pandemic is one of the exogenous shocks that has tested the resilience of tourism destinations globally, particularly those countries that depend on tourism for their livelihoods". The recovery of the tourism sector is now underway, and patterns of growth have resumed (Ahmed et al., 2023; Chihwai, 2024; García et al., 2023; Ilo et al., 2024; Nyikana and Bama, 2023; Shang et al., 2023a; 2023b). It is important to note that Shang et al. (2023a) question whether the economic recovery is 'green', that is, embracing environmental sustainability imperatives. Similarly, Dilshod et al. (2024) caution that the growth of tourism in many countries, regions, and destinations can undermine sustainability due to rapid and uncontrolled growth. Research focusing on CMT is important in this context, given climate change that has resulted in the increased frequency and intensity of weather events impacting coastal areas (Aygün and Baycan, 2023; Dube et al., 2023b; Enríquez and Bestard, 2020; Haldar et al., 2024; Hernández et al., 2023;) as well as persistent socio-economic disruptors including violent protests/ social unrest as experienced in South Africa (Mamokhere, 2020; Mongale, 2022; Ngcobo, 2022; Thompho et al., 2024; Yende, 2023).

The substantial and unprecedented disruptions caused by the COVID-19 pandemic have affected all societies and sectors worldwide, including tourism and related value chains (Chihwai, 2024; Gudkov, 2024; Ilo et al., 2024; Kumar and Ekka, 2024; Nhamo et al., 2020a; Tasnim et al., 2023; United Nations World Tourism Organization - UNWTO, 2020a; 2020b; WEF, 2020). Tasnim et al. (2023: 382) specifically argue that "the scale of disruption affects every nation and industry,

and the sudden and dramatic changes in demand and supply that have occurred during the pandemic crisis differentiate in its impact from other crises". The resumption of travel and tourism activities has resulted in a positive recovery of tourism and other economic activities. Within this context, CMT will continue to play a key role in travel and tourism trends. Cheng and Zhang (2020), Roy et al. (2016) and Zhang et al. (2024) indicate that the tourism sector in the past has exhibited notable resilience in the aftermath of economic and natural disasters. Given these factors, it remains crucial to undertake research that examines the impacts of the pandemic on CMT to assess lessons to inform a more sustainable and resilient tourism sector. The discussion emphasizes the importance of CMT and SMMEs to socio-economic development, underscoring its growth. Furthermore, the unprecedented impacts of the COVID-19 pandemic and other disruptions on CMT and SMMEs.

1.2. Motivation

There is growing appreciation and widespread consensus that SMMEs play a crucial role in driving economic diversification and growth, contributing substantially to GDP compared to other sectors, generating foreign exchange earnings (especially in the case of tourism), job creation, innovation and entrepreneurship, and promoting social inclusivity in economic activities (Belitski et al., 2022; Mardikaningsih et al., 2022; Mokoena and Liambo, 2023; Mugano, 2024; Nguyen et al., 2021; Sharma and Rautela, 2022; van Wyk and Venter, 2023; Zhakupov et al., 2023). Specifically, Muriithi (2017) asserts that SMMEs in both developed and developing contexts make up approximately 90% of businesses. Chetty and Govender (2024), Palhad et al. (2023) and van Wyk and Venter (2023) state that the long-term survival of SMMEs is crucial to address some of the main issues in South Africa, including the current high unemployment rates. However, given that many SMMEs have limited access to safety nets, lack financial reserves and are economically vulnerable; SMMEs' ability to cope and adapt to shocks (such as the COVID-19 pandemic) may be lower, which is a key consideration in this research. Belitski et al. (2022: 593) assert that "the existential threat to small businesses, based on their crucial role in the economy, is behind a plethora of scholarly studies in 2020, the first year of the COVID-19 pandemic". The continued focus of research on SMMEs indicates the importance of responding to disruptions to support sustainable entrepreneurship.

Giampiccoli et al. (2020), Gumede (2022), Maziliauske (2024) and Sixaba and Rogerson (2023) indicate that SMMEs' roles and contributions in the tourism sector are being increasingly acknowledged in research. Booyens et al. (2022), Botha et al. (2021), Rogerson (2008) and Trupp et al. (2024) assert that tourism SMMEs differ in relation to:

- The spatial distribution/ location of the businesses
- Types of tourism enterprises/ tourism sub-sectors (activities involved in/ services provided and sub-sectors such as nature-based including CMT, which is the focus of this study, events, cultural, business, cruise, sport and adventure)
- Size (in relation to variables such as the number of persons employed as well as income and expenditure)
- Business sector categories (such as accommodation, hospitality, retail, restaurant and transport)
- Types of tourists (such as type of accommodation used, length of stay, foreign/ international versus domestic, and consumption patterns/ spend)

It is important to note that often categories overlap and/ or are interrelated. For example, in relation to the tourism sub-sectors, many tourism activities, such as events and cultural tourism, occur at CMT locations. Additionally, in terms of the business sector categories, accommodation establishments often provide other services such as restaurants, retail shops, and transport. Additionally, aspects that impact or influence tourism businesses (such as the COVID-19 pandemic) include socio-economic, health, geo-political and environmental considerations, which are generally interrelated.

Businesses in the tourism sector (especially because of reliance on travel and related consumption) are also more likely to experience other forms of challenges associated with fluctuations in tourism demand, seasonality, vulnerability to economic and climate change disruptions, lack of business development support, being able to attract venture capital and funding, responding to technological changes, and embracing sustainability and greening initiatives (Amoah et al., 2023; Gomes et al., 2024; Mokoena and Liambo, 2023; Shang et al., 2023b; Sixaba and Rogerson, 2023; Stone et al., 2021). de Grosbois and Fennell (2022), Dube et al. (2023b), Fuchs (2023) and McCreary et al. (2024) show that the tourism industry (including the hospitality sector) is exceptionally sensitive

to climate change. Muriithi (2017) states that SMMEs make up the majority of the businesses in the tourism sector, thereby being vulnerable to disruptions. Canwat (2024), Nyawo (2020) and Zeidy (2020) identify that the main demand-side impacts of the COVID-19 pandemic on SMMEs are unanticipated declines in the number of customers that impact consumption, resulting in losses in revenues. Kalogiannidis (2020) and Nyawo (2020) specifically showed how supply chain disruptions to SMMEs resulted in scarcities in the provision of goods and services. Zeidy (2020) shows that COVID-19 resulted in lower demands for and losses in jobs and income, increased fear of contracting the virus, higher levels of increased uncertainty and decreased consumer confidence because of the travel disruptions; resulting in decreased consumption and spending that have significantly impacted on sectors such as tourism.

While the COVID-19 pandemic impacted all sectors globally, the extent and nature of the disruptions, as well as the responses, are likely to be context-specific. For example, Khalid et al. (2021) and Kumar and Ekka (2024) argue that the size of the tourism sector in a specific country influenced pandemic economic policy responses. Additional aspects that influence impacts and responses are the regulations and restrictions to stop the virus from spreading (and how specific types of businesses were impacted), options available to businesses to respond, and whether they had access to and benefitted from relief/ support. The rollout and pace of the vaccination program in different countries, as well as concerns about the resurgence of COVID-19 infections linked to variants and other diseases, will have diverse impacts. Effects in developing countries (and this applies to almost all the countries in Africa) are more likely to be pronounced with longer-term impacts anticipated, as noted by Alenda-Demoutiez and Mügge (2020), Ataguba (2020), Chapungu et al. (2023), Musavengane and Leonard (2022) and Nyikana and Bama (2023); associated with limited or non-existent economic and social safety nets which results in higher levels of vulnerabilities. It is important to note that socio-economic challenges troubled many developing countries, including South Africa, prior to the COVID-19 disruptions and the pandemic revealed the depth of some of the challenges and worsened them. Tan and Nguwi (2023) state that while tourism is a source of employment and revenue, South Africa lagged in tourist arrivals before and during the pandemic. They identify safety (given the high crime rates in the country) as the main deterrent for tourists. While there is a growing body of primary data-based research on the impacts of the COVID-19 pandemic on small businesses (such as Abhari et al., 2022; Assefa,

2023; Du et al., 2023; Farisani, 2022; Gimmon and Zysberg, 2024; Gumede, 2022; Sharma and Rautela, 2022), most are based on qualitative research that limits generalizations or uses a single methodological approach that constrains what types of information are looked at and how these are interpreted. This study uses a mixed methods approach which is a contribution to an evolving methodology that can be used to examine/ monitor COVID-related impacts on SMMEs in developing contexts.

In the above context, the purpose of this study is to undertake a comparative assessment of two coastal tourism cities in a developing country (Cape Town and Durban in South Africa), focusing primarily on the impacts of the COVID-19 pandemic on tourism businesses as well as responses to deal with and recover from the pandemic. Tourism in South Africa is an important economic contributor, especially in Cape Town and Durban. The World Travel and Tourism Council (WTTC, 2022) estimated that, in 2019, tourism's total contribution to GDP in South Africa was 6.4% (R405.2 billion) and is expected to be 7.4% (R554.6 billion) by 2032. The WTTC (2022) also projects that the South African Travel and Tourism sector is forecasted to grow at an average rate of 7.6% annually, outperforming the 1.8% growth rate of the country's overall economy. Furthermore, the WTTC (2022) estimates that the sector is expected to create more than 800 000 jobs by 2032, with the total number of jobs expected to be 1.9 million. The statistics confirm that travel and tourism are important in South Africa. Additionally, Cape Town and Durban are useful case studies of coastal tourism cities located in the Western Cape and KwaZulu-Natal provinces, respectively, which, according to Gounden et al. (2020), are the two main coastal provinces in South Africa that current CMT research focuses on.

Given the severity of the COVID-19 pandemic (unprecedented in human history) on the tourism sector and SMMEs, examining issues pertaining to impacts by focusing on an important tourism sub-sector (CMT) in urban contexts (Cape Town and Durban) in a developing country (South Africa) will assist to inform the development of appropriate strategies to contribute to the tourism sector's recovery as well as enhance future resilience and sustainability among tourism SMMEs to better cope with and adapt to future disruptions. The focus on CMT in selected urban locations links to sustainability considerations, specifically in relation to climate change which is another global threat, noting the importance and vulnerabilities of CMT locations given that the services

that these ecosystems provide have substantial socio-economic and environmental benefits (Intergovernmental Panel on Climate Change - IPCC, 2019). The IPCC (2019) warns that climate change has and will continue to undermine the environmental integrity as well as the ecosystem and socio-economic services provided in these generally vulnerable locations, negatively impacting livelihoods and businesses (including those linked to tourism) in these areas that are experiencing rapid changes. Liu et al. (2024) indicate that the frequency and intensity of ecological and natural disasters triggered by extreme weather, such as floods, high temperatures and droughts, have increased due to global warming. Haldar et al. (2024) particularly warn that extreme climatic events or hazards will be more pronounced in urban coastal locations, a category in which both case studies are located.

There is a sizable body of increasing research on COVID-19 impacts, with several focusing on the tourism sector, as noted earlier. Brumbaugh and Patil (2017) indicate that tourism is one of the contributors to economic growth in many countries, often being highly dependent on the natural resource base, with CMT locations being specifically attractive to visitors in coastal countries. However, at the time of this study, a Google Scholar Search yielded no published research that focuses specifically on comparing SMMEs in CMT urban contexts. Additionally, there is limited empirically based research (that is, drawing on primary data) that examines impacts on tourism businesses. The focus of this study on coastal tourism cities is an important contribution to examining coastal/ beach tourism, one of the most important and popular sub-sectors of tourism. There is a growing body of research that examines the impacts of the COVID-19 pandemic in South Africa. However, these tend to be generalized and focussed on a national level or in relation to specific types of tourism or locations, but none of the studies focus on CMT or SMMEs specifically. Additionally, as noted earlier, none adopt a comparative lens or a mixed methods approach.

Aydogan et al. (2024), Chowdhury et al. (2024), Prayag et al. (2024) and Sucheran (2022) state that when crisis situations (the COVID-19 pandemic being the most unmatched disruption experienced globally) that impact on travel and tourism demand are encountered, to survive, tourism businesses need to respond by changing marketing and operating processes and strategies. Aydogan et al. (2024), Chowdhury et al. (2024) and Duro et al. (2021) indicate that the ability of

the tourism sector to cope with the pandemic disruptions depends on the levels of vulnerability which are associated with resistance (capability to continue with activities by absorbing/ accommodating impacts) and resilience (capability to recover from losses after disruptions). As noted earlier, the tourism sector and SMMEs generally are highly variable (in terms of the diversity in relation to the types and sizes of enterprises, location/ context, as well as coping options available and adaptive capabilities). Thus, examining and understanding differential impacts, capabilities, and responses in different contexts are important to enable initiatives, programs, and projects to support the sector during times of crises and build resilience to better deal with future disruptions and pay sufficient attention to variations and diversity.

This study examines context-specific (in Cape Town and Durban) impacts and responses among SMMEs located in CMT destinations adopting the comparative case study approach. This study is a valuable contribution to knowledge in relation to COVID-19, tourism (specifically CMT), and SMMEs, given that generalizations (for example, in relation to the pandemic impacts on the tourism sector and SMMEs, how specific SMMEs have responded and country-level trends rather than examining locality context-specific aspects) need to be re-looked at. Furthermore, while there is increasing research in these areas (specifically, numerous case studies are evident in the literature and discussed in subsequent chapters), comparisons are limited since many studies do not use a comparative lens and comparing results from the different research undertaken is challenging since the purpose of the study and methodological approaches adopted differ. The two cities (Cape Town and Durban) permit unique comparisons in relation to specific locality-based CMT sites, given their different spatial contexts and tourism attractions. South Africa also had one of the highest COVID-19 infection rates among developing nations, with controversial lockdown regulations and restrictions from an economic and business perspective. South Africa started its vaccination program in February 2021, with 41.3% of the population being fully vaccinated (Africa Center for Disease Control, 2023) as of September 2023. Furthermore, like many countries globally, South Africa initiated and implemented several interventions to support small businesses (some specifically targeting the tourism sector) to assist with the pandemic disruptions. The extent, nature and benefits of these interventions to tourism SMMEs have not been empirically examined, which this study also focuses on. This component of the research can inform the revision of current interventions being used as well as the development of future interventions to support the recovery

of tourism SMMEs and build resilience to cope with future disruptions. Additionally, the focus is on identifying appropriate measures and approaches to assist tourism SMMEs that are sensitive to different impacts and types of businesses. Thus, it can assist in identifying which SMMEs are more likely to need and benefit from assistance provided, what types of interventions/ resources should be allocated, and how these should be provided.

The discussion above shows that while there has been an increase in research focusing on the impacts of the COVID-19 crisis on different types of businesses, including some focussing on the tourism sector (Abed, 2022; Aydogan, 2024; Belitski et al., 2022; Canwat, 2024; Kumar and Ekka, 2024; Prayag et al., 2024; Rogerson, 2021; Torres et al., 2023), there remains a dearth of empirically-based and comparative studies that examine the effects on CMT SMMEs in developing contexts. To address this gap in research, the two main CMT destinations in South Africa (Cape Town as the key international tourism destination and Durban as the key domestic tourism destination in different locations – one on the west coast and one on the east coast, respectively) were purposively selected as the case studies to undertake this comparative study. These cities offer generic and unique CMT attractions that are attractive to domestic and international tourists annually, making them appropriate case studies to understand CMT SMMEs' responses to the pandemic disruptions. According to Grimett (2022), CMT in the South African context, has been generally developed within the urban coastal areas.

The motivation is framed around the substantial role of SMMEs in job creation, economic growth and social inclusion, notable for the tourism sector as well. The study's main contribution is foregrounding the importance of context-specific and comparative research, focusing on a sub-sector of tourism (CMT) and the case studies of Cape Town and Durban. Additionally, mixed-methods methodology provides the basis to generate insights for enhancing sustainability and resiliency among CMT SMMEs in developing contexts.

1.3. Aim

This study aims to undertake a comparative socio-economic impact assessment of the COVID-19 pandemic on tourism SMMEs in coastal cities, focusing on the case studies of Cape Town and Durban, South Africa.

1.4. Objectives

The objectives formulated to frame and guide the study were to undertake a comparative analysis to:

- Examine the profiles of tourism SMMEs in Cape Town and Durban in relation to business, financial and employee attributes.
- Assess the extent and nature of the impacts of the COVID-19 pandemic on different types of tourism SMMEs in Cape Town and Durban, identifying aspects that make some SMMEs more vulnerable than others and the extent.
- Examine different types of strategies and responses adopted by tourism SMMEs in Cape Town and Durban to cope with the COVID-19 pandemic, critically assessing the different demand and supply-side measures adopted such as employee, business and financial changes.
- Identify strategies and responses that tourism SMMEs in Cape Town and Durban would like to adopt but are unable to, assessing reasons for inability to use and how these relate to challenges experienced.
- Examine levels of awareness of measures to support tourism SMMEs (including what are the constraints, opportunities, and drivers that have framed public and private sector support measures) in Cape Town and Durban and assess whether support was accessed, and by what types of tourism businesses.
- Assess the types of support that tourism SMMEs in Cape Town and Durban perceive will be beneficial for them to access.
- Forward recommendations based on research findings on sustainable strategies and measures that tourism SMMEs (especially at CMT destinations) can use to enable recovery during the current pandemic and to improve resilience in the future to deal with future disruptions, paying attention to locational sensitivities at CMT destinations.

1.5. Overview of multi-conceptual theoretical framework

Based on the above discussion and noting that research in relation to COVID-19, tourism, and SMMEs are multidisciplinary, requiring different aspects to be considered and integrated, a multi-conceptual theoretical framework guides the research, combining stakeholder theory (focusing on

tourism SMMEs as the primary stakeholder), diffusion theory (that includes Sen's capabilities framework to examine the diversity in relation to SMMEs' capabilities and potential to adapt to deal with the disruptions) and the Drivers, Pressures, State, Impacts and Responses (DPSIR) model that assesses internal and external (the COVID-19 pandemic being the focus) drivers and pressures that impact on tourism SMMEs and the factors that influence the responses. By combining these different but complementary conceptual frameworks, the study examines the multifaceted and diverse responses among CMT SMMEs in Cape Town and Durban to the COVID-19 pandemic disruptions.

The stakeholder approach permits an examination of differing interests, concerns, and perspectives. In the tourism sector, as Lubawa and Osabuohien (2024), Roxas et al. (2020), Tasnim et al. (2023) and Theodoulidis et al. (2017) state, businesses need to focus on their interests while competing and/ or collaborating with other businesses as well as responding to stakeholder concerns, such as customers/ tourists, government (stimulates policies and regulations as well as provide support) and service providers linked to the tourism value chain. Understanding common and divergent tourism stakeholder interests and needs (including differences among tourism SMMEs which is the focus of this study) will contribute to developing a tourism sector that provides experiences and product offerings aligned to market demands and changes as well as positions the sector to be responsive to disruptions. In this study, the main stakeholders are SMMEs (the focus of the quantitative survey) and key informant interviews (outlined in the methodology section) are used to gain qualitative insights from other stakeholders.

Diffusion theory is a conceptual framework generally used to understand how new ideas, technologies, innovations, and/ or practices are adopted (de Larrea et al., 2021; Shin and Perdue, 2022). Relatedly, Sen's capabilities approach is a useful lens to examine responses and interventions to support SMMEs (Rambe and Mosweunyane, 2017), paying attention to individuals and organizations that influence SMMEs (Dzansi and Pretorius, 2009; Moeti et al., 2017; Ndubisi et al., 2020). Manley (2020) and Sferrazzo and Ruffini (2021) state that Sen's capability approach also includes the availability of effective opportunities. Thus, the types of capabilities tourism SMMEs display and those that are critical to enabling different types of SMMEs to successfully respond to the COVID-19 pandemic are examined to gain insights to

inform responsiveness to future disruptions. Winter and Kim (2021) indicate that in the context of tourism specifically, it is imperative to better understand the values and roles of specific capabilities (what individuals/ businesses/ organizations can be and do) and functioning (which can be achieved as a result of capabilities possessed) to promote tourism development and responsiveness and, more broadly, how this contributes to reducing poverty and improving well-being. The capabilities approach also provides a useful framework to examine the impacts of new and emerging ideas and technologies (thus the link to diffusion theory) that have been prominent in relation to responses to dealing with the COVID-19 pandemic. Additionally, tourism SMMEs' readiness and capabilities to deal with disruptions (a key focus of this research) can also be looked at.

The DPSIR model is a useful conceptual framework, derived from environmental studies focusing on sustainability research to examine complex interactions and relationships between human activities and/ or external drivers (such as a pandemic) and the environment (Allen, 2022; Faseyi et al., 2023; Sobhani et al., 2023; Xu et al., 2022). Extended to tourism, as indicated by Ness et al. (2010), Sobhani et al. (2023) and Xu et al. (2022), the DPSIR model is a valuable conceptual framework for assessing the impacts that internal and external changes have on the sector and responses to these changes, focusing on implications for sustainable tourism development and building resilience to deal with future disruption. In the context of tourism SMMEs specifically, the DPSIR is relevant since businesses can be viewed as agencies that respond to changes. Furthermore, as noted by Fuchs (2023) and Roxas et al. (2020), addressing sustainability concerns in tourism planning and development (including environmental conservation and local community involvement) is increasingly challenging, especially in the context of governance inefficiencies. The DPSIR approach is a useful framework to examine these challenges. Thus, the DPSIR model is appropriate for this study. In relation to tourism, Ness et al. (2010), Sobhani et al. (2023) and Xu et al. (2022) outline the value of the DPSIR model that focuses on human and environment interactions in the tourism ecosystem that integrates examining pathways, eco-efficiency, risk assessment and effectiveness of responses.

1.6. Overview of methodological approach

As indicated in the introductory section, the growing research on the impacts of the COVID-19 pandemic on businesses (with some focusing on tourism SMMEs) has generally neglected to draw on empirically-based research designs and adopt a comparative lens. Cape Town (South Africa's main international tourism destination) and Durban (South Africa's main domestic tourism destination) were purposively chosen as the case studies to undertake this comparative study because they are key CMT destinations in South Africa and both are in urban contexts. These major CMT urban destinations allow for an investigation of how tourism SMMEs have responded to the COVID-19 pandemic, given that tourism in South Africa contributes substantially to economic development and job creation.

A mixed methods approach is adopted that includes a desktop study as well as quantitative and qualitative primary data collection. Specifically, the desktop component examined secondary data sources and relevant literature, including research reports, academic publications, policies, and websites to inform the literature review, theoretical/ conceptual framework, provide justification for the mixed methods research design, integration and reflection of primary research findings (that is, inclusion in the data analysis) and to support the recommendations emanating from the research. The primary data collection includes the quantitative survey approach targeting tourism SMMEs in CMT locations (446 in total: 219 in Cape Town and 227 in Durban). Additionally, 12 key informant interviews were undertaken. The study was part of research undertaken for the National Department of Tourism (NDT) by the University of KwaZulu-Natal (UKZN), with my supervisor being one of the lead researchers, that focused on 'Enabling SMMEs Survival and Growth During/ Post COVID-19'. The larger study comprised online and face-to-face surveys targeting tourism SMMEs across South Africa. This study complemented the larger study by undertaking additional interviews at purposively selected CMT locations in Cape Town and Durban. Furthermore, key informant interviews were undertaken to examine perspectives, insights, experiences, and reflections from knowledgeable persons. Specifically, interviews were conducted with relevant government department officials, representatives from tourism and small business organizations, and academic researchers.

In terms of quantitative data analysis, the Statistical Package for the Social Sciences (SPSS IBM Version 27) was used to generate frequency Tables and Graphs as well as undertake crosstabulations. Chi-Square tests were also used to examine whether statistically significant differences emerged between types of visitors and selected variables. A constant comparative (presenting Cape Town and Durban SMME survey responses) thematic analysis of the results was undertaken to examine and analyze trends and patterns pertinent to the objectives of the research, integrating the key informant interview responses. To comply with ethical requirements, ethical approval for the study was granted by UKZN's Human and Social Sciences Ethics.

1.7. Conclusion

Chapter One provided the introduction to the research, outlining the context for the study and the motivation, highlighting the contribution of the research in relation to current gaps in knowledge. Additionally, the aim and objectives are presented together with a brief overview of the theoretical framework and methodological approach used in the study. The next Chapter presents the multi-conceptual theoretical framework that guides the study, specifically integrating stakeholder theory, diffusion and relatedly Sen's capabilities approaches, and the DPSIR model. Chapter Three undertakes the literature review, examining relevant themes linked to the research objectives. Key thematic aspects covered include the definitional clarification of CMT, especially in urban locations and SMMEs in the South African context, to provide the broader contexts for the study. Additionally, SMME impacts and responses in relation to the COVID-19 pandemic are discussed with a specific focus on South Africa. Thereafter, Chapter Four discusses the research design and methodological approach adopted. Pertinent background information on Cape Town and Durban, the case studies for the research, is provided. This Chapter also presents the mixed methods primary data collection approach adopted for this study in relation to the quantitative SMME survey and key informant interviews undertaken. Furthermore, the study's (de)limitations are discussed. Chapter Five undertakes the primary data analysis thematically, integrating the relevant literature reviewed. The concluding Chapter reflects on the conceptual framework used, summarizes the key findings in relation to the research objectives, forwards recommendations, and presents final concluding remarks.

CHAPTER TWO
MULTI-CONCEPTUAL THEORETICAL FRAMEWORK

2.1. Introduction

Chowdhury (2019) asserts that the theoretical framework is a logical compilation of different theories that collectively establish and validate the relationships between phenomena and/ or multiple variables that are the focus of the research, and the conceptual framework linked to the theories suggests the relationships of concepts to one another. Mensah et al. (2020: 54) assert that research frameworks provide the structure for how to analyze the data and assist in discussing the findings more clearly, arguing that "they assist in stimulating research while ensuring the extension of knowledge by providing both direction and impetus to the research inquiry". Adom et al. (2018: 438) refer to a theoretical framework as a 'blueprint' that is 'borrowed' by the researcher to "build his/ her own house or research inquiry". Passey (2020) refers to conceptual (being more flexible and descriptive that identifies factors or criteria) and theoretical (linked to deeper and broader outcomes, contexts, and concerns beyond a specific study that can be generalized across areas and fields) frameworks as underpinnings for research that indicate key features that influence or contribute to the understanding of a particular field, population, and/ or topic. Thus, theoretical frameworks provide the foundation for research based on established and reputable theories (drawing on a group of existing theories, frameworks, and models that provide a basis of core knowledge for a research study that provides a general and broad view of the research problem), while conceptual frameworks (generally visual representations of the expected connections and relationships between pertinent concepts, variables and/ or constructs the permits the research to draw conclusions) are custom-made to a specific study by the researcher, providing a more focused perspective relevant to a specific research problem. For this study, a multi-conceptual theoretical framework is adopted that enhances the depth and breadth of research, offering comprehensive, flexible, and innovative insights into the study. The application of a multi-conceptual theoretical framework can guide the conceptualization of the research and, according to Passey (2020), examine whether frameworks developed and used in one context can be applied to other contexts and thereby permit wider generalizations.

Roodbari and Olya (2024) state that there is a need for holistic and comprehensive frameworks that examine why, how, and by whom multifaceted tourism change initiatives (which are complex because of different planning and implementation processes and contexts) can be planned and implemented to achieve impacts. This research focuses on both tourism and SMMEs, which are multi-disciplinary fields of study. Thus, drawing from several approaches and perspectives, a multi-conceptual theoretical framework is adopted that combines stakeholder theory, diffusion theory (that includes Sen's capabilities framework), and the DPSIR model. These are well-established approaches that combined permit an examination of the different aspects relevant to understanding COVID-19 pandemic impacts on SMMEs and responses to cope with disruptions. In relation to stakeholder theory, tourism SMMEs are considered the primary stakeholders. Furthermore, diffusion theory is employed to analyze the SMMEs' ability and potential to adapt to change since the main focus of this article is to examine responses to the COVID-19 pandemic disruptions. Similarly, the DPSIR provides a useful model to examine internal and external (the COVID-19 pandemic being a major externality) drivers and pressures that impact tourism SMMEs and the factors that influence the responses.

2.2. Stakeholder theory

Freeman (1984), regarded as one of the foundational contributors who conceptualized the stakeholder approach, defines stakeholders as individuals or groups of individuals who benefit from or who are harmed by the action of others. Similarly, Nguyen et al. (2019: 2) define tourism stakeholders as "those individuals and groups who can affect, or are affected by, the achievement of tourism development objectives". The stakeholder theory is widely used in research and planning as a lens to consider the range of individuals and/ or organizations who are directly or indirectly involved in SMME activities, developing policies and/ or providing support (Dzansi and Pretorius, 2009; Moeti et al., 2017; Ndubisi et al., 2020). The central notion of stakeholder theory is that organizations/ projects/ leaders should consider the interests and perspectives of different stakeholders who are likely to be affected by or are in a position to affect or influence decisions and actions (de Grosbois and Fennell, 2022; Dimitrovski et al., 2021; Roodbari and Olya, 2024). Thus, stakeholder theory advocates that decision-makers within both public and private sector organizations (which can be extended to businesses) have responsibilities to adequately consider, manage, and balance (if need be) the divergent interests, needs, and concerns of the stakeholders

involved. While the evolution of stakeholder theory emerged in business and management sciences, it has been extended to different disciplines and contexts since all institutions and activities have stakeholders, including the tourism sector. As Canhoto and Wei (2021) state, stakeholder theory is now extensively applied in hospitality sector research, applicable to tourism more generally.

Andreadakis (2012) asserts that stakeholder theory was originally an important substitute for outdated and conventional shareholder-centric thinking, where the main objective was to maximize shareholder profits. Dimitrovski et al. (2021) and Fuchs (2023) argue that the adoption of a broader perspective by including the interests and concerns of diverse stakeholders improves decision-making, builds better relationships, and promotes long-term sustainability. They caution that it could be challenging to identify and manage multiple and often divergent/ competing stakeholder interests. Chase et al. (2023) indicate that some of the main challenges to constructively engaging stakeholders include ensuring equity and fairness, resistance among stakeholder sets, communication issues, problematic relationships among institutions, and lack of time and money. Wondirad et al. (2020) state that it is not always possible to balance competing interests among stakeholders, which could result in conflicts. Despite its limitations, stakeholder theory has gained prominence in both tourism (Andereck and Vogt, 2023; Chase et al., 2023; Fuchs, 2023; Lubawa and Osabuohien, 2024; Roodbari and Olya, 2024; Stevens-King and Bello, 2023; Zvaigzne et al., 2023) and business (Dzansi and Pretorius, 2009; Freeman et al., 2020; 2021; Freudenreich et al., 2020; Ozdemir et al., 2023) research as a framework to consider a wider range of perspectives and insights to support more responsible and sustainable practices. Andereck and Vogt (2023) specifically state that stakeholder involvement is critical for the development of a successful and sustainable tourism sector. Lubawa and Osabuohien (2024) assert that stakeholders are central to implementing sustainable practices that preserve and enhance natural and cultural resources. Roxas et al. (2020) note that the value of stakeholder participation is encapsulated in Sustainable Development Goal (SDG) 17, which requires engaging with multiple stakeholders. In relation to tourism, Roxas et al. (2020) advocate for a holistic and inclusive examination of the relationships between tourists, tourism stakeholders (tourism SMMEs being one of the stakeholders), and sustainability. They identify several key tourism stakeholders including tourists, host populations/ local communities, different levels of government (serve to delineate the

regulatory environment and provide support), international bodies, and tourism businesses/ enterprises that leverage livelihood/ income benefits from tourism activities. These stakeholders have diverse interests, benefits, and responsibilities. In the context of CMT SMMEs specifically, stakeholders (including CMT businesses, tourists, local communities, tourism and SMME organizations and government bodies) are central to enabling and embracing sustainability given the close connections with the natural resource base. CMT SMMEs, in particular, interact with several stakeholders, including tourists, local communities, government officials and different types of organizations.

Several researchers have noted the key principles that frame stakeholder theory that include (Andereck and Vogt, 2023; Chase et al., 2023; Dimitrovski et al., 2021; Hasan et al., 2024; Lubawa and Osabuohien, 2024; Stevens-King and Bello, 2023):

- Stakeholders (irrespective of their agendas or orientation) that have a legitimate interest or are likely to be impacted need to be included. This is also referred to as stakeholder mapping, which permits the identification of stakeholders and can indicate relationships among stakeholders as well as their interests and influence (examining power dynamics) of each stakeholder.
- Unpack the divergent interests in a manner that does not reflect bias.
- Engaging with stakeholders by adopting a consultative and participatory approach that demonstrates creating opportunities for involvement in decision-making, and ensuring that concerns are addressed.
- Balance stakeholder interests in contexts where there are conflicting interests when making decisions or developing strategies/ responses/ projects in a manner that is ethical by promoting fair treatment of stakeholders and avoiding decisions and actions that could cause harm.
- A long-term perspective is adopted to encourage the consideration of long-term impacts (rather than short-term, often financial, gains). This study adopts this approach by focusing on the future resiliency of SMMEs and their preparedness to cope with disruptions.

The principles of stakeholder theory are particularly important in relation to CMT given that CMT often occurs in ecologically fragile environments with close connections to local communities.

Additionally, Zvaigzne et al. (2023) outline processes to be followed when adopting stakeholder theory when undertaking research. A key step, as indicated by Zvaigzne et al. (2023), is to identify relevant stakeholders that are internal and external to the organization or issue being considered (in the case of this study, tourism SMMEs); these include stakeholders that are directly or indirectly impacted. For example, in this study, tourism government departments may not have been directly impacted by the COVID-19 pandemic in terms of job losses, but they are key stakeholders in providing support to tourism businesses directly impacted by the pandemic. Figure 2.1 displays internal and external stakeholders linked to tourism SMMEs. The businesses, employees, consumers (tourists being important), direct service providers/ suppliers, and investors/ shareholders are the main internal stakeholders. Key external stakeholders (that exert influence and, in the case of government, make decisions and regulations as well as create the enabling conditions that include providing services and infrastructure such as an effective transport system and ensuring safety and security) are government, organizations/ associations/ federations, potential clients/ customers (that marketing is often geared towards), the media, indirect service providers/ suppliers, creditors and landlords, and local communities. These stakeholders impact tourism SMMEs.

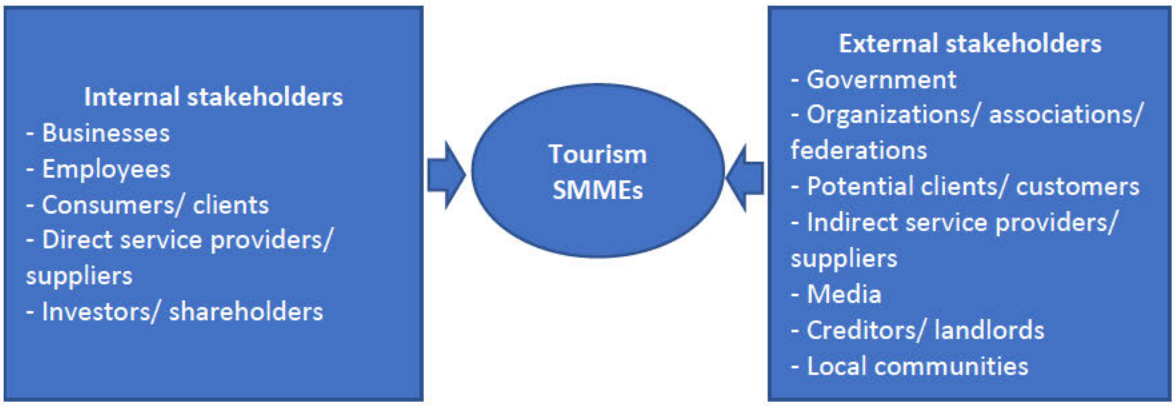


Figure 2.1: Internal and external stakeholders in relation to tourism SMMEs (author's compilation)

Quader et al. (2024) state that stakeholder theory has three approaches: descriptive (focuses on the organizational environment and how external factors interact with and constrain the organization),

instrumental (focuses on the strategic corporate vision that reconciles the diverse interests to meet various stakeholder expectations) and normative (focuses on establishing moral and ethical standards that align with solutions that accommodate the interests of stakeholders). Chase et al. (2023) assert that organizations should grasp divergent perspectives, interests, expectations, and concerns of stakeholders. This study particularly values the importance of diversity by examining differences among tourism SMMEs in relation to impacts and responses to the COVID-19 pandemic while recognizing that location/ context can be an influential variable. In terms of the latter, the focus is on a comparative analysis of two coastal cities. A key step is to engage with and effectively communicate with stakeholders to better understand their interests and perspectives, and create avenues for their involvement in decision-making processes if need be (Chase et al., 2023). Chase et al. (2023) further assert that understanding the diverse perspectives of stakeholders and how they are affected by tourism development is important for constructively engaging stakeholders in planning. This is particularly important when there are conflicting interests among stakeholders that need to be addressed and balanced, as noted by Nguyen et al. (2023: 17) who argue:

> …understanding perspectives of each stakeholder group on the costs and benefits of tourism development represents one important factor which would help to minimize conflict within communities and facilitate tourism planning in destinations.

This is linked to the ethical principle that promotes fair treatment of stakeholders and limiting harm. Nguyen et al. (2023) argue that organizations need to develop indicators to track and assess the socio-economic and environmental impacts on stakeholders. Dzansi and Pretorius (2009) note that adopting a stakeholder framework to examine small businesses enables focusing on balancing differing interests and socio-economic sustainability. In the context of South Africa, the stakeholder framework is deemed appropriate given the geographic and socio-economic diversity. Stakeholder theory provides the basis for understanding diverse perspectives relevant to CMT SMMEs to foster sustainable and inclusive growth.

From the perspective of examining stakeholders in relation to sustainable tourism development, Byrd and Gustke (2004 cited in Nguyen et al., 2019: 3) indicate the range of different types of stakeholder groups using support for sustainable development and participation in tourism as key

attributes (Figure 2.2). Stakeholders may have high levels of support for sustainable tourism development but low levels of tourism participation, and vice versa (Nguyen et al., 2019). This type of stakeholder mapping of presentation of stakeholders in a decision tree can assist in identifying key groups but be cognizant of the differences among stakeholder groups. This reinforces differences among stakeholder groups and the diversity in relation to interest and influence.

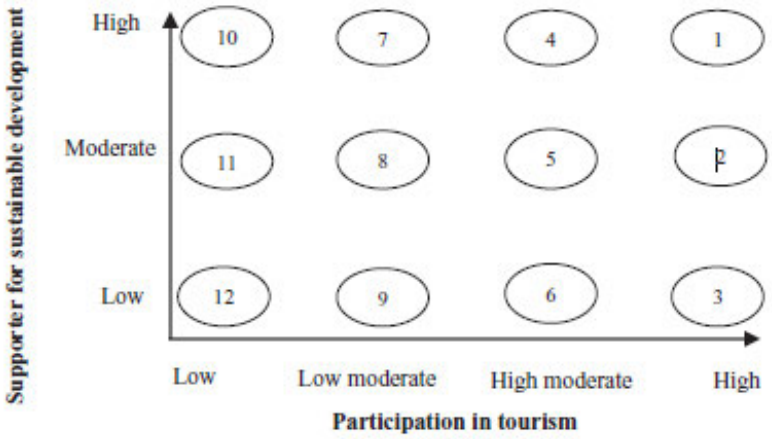


Figure 2.2: Stakeholder groups (Nguyen et al., 2019: 3 adapted from Byrd and Gustke, 2004)

In the context of understanding tourism SMMEs, several aspects need to be considered in relation to stakeholder theory to examine the positions, interests, and experiences of various businesses, including internal and external influential factors. This is linked to the DPSIR model discussed later in the Chapter. Tourism SMMEs in this study are viewed as an important stakeholder within the tourism sector in the South African context as discussed in the next Chapter. For tourism SMMEs, the main stakeholders are customers/ clients (especially tourists), employees, investors, suppliers, regulatory authorities, local communities, and competitors, as well as collaborators. Collaborators and partners, including clients, local communities, suppliers, and government agencies, can assist in leveraging resources, providing access to information, and extending market reach. Zvaigzne et al. (2023) assert that cooperation between internal and external stakeholders could include designing a tourism strategy, raising local tourism awareness, coordinating tourism promotion and branding, standardizing tourist facilities, communicating with tourism stakeholders, and making ticket price policies.

External support is critical to consider in the context of the COVID-19 pandemic that caused unprecedented disruptions. Hasan et al. (2024) illustrate the importance of stakeholder partnerships among corporations and organizations globally to gain competitive advantage and to cope with the COVID-19 pandemic impacts. They further argue that the pandemic triggered unprecedented partnerships among firms in both developed and developing countries, suggesting positive outcomes for stakeholder engagement at the organizational level. Tasnim et al. (2023) indicate that in a COVID-19 environment, different types of partnerships and alliances have emerged among competitors within the tourism industry that could contribute to the sector gaining competitive advantages and creating long-term sustainability within the tourism industry. They argue that to overcome the challenges associated with the COVID-19 pandemic, most businesses in the tourism sector are reducing costs while focusing on attracting tourists, reducing dependence on tour operators, and collaborating/ developing partnerships (including providing cost-effective services and travel packages) to maintain competitiveness. Canhoto and Wei (2021) state that collaboration between stakeholders, especially during times of crises such as the COVID-19 pandemic, results in the identification of revenue streams for businesses, operational modifications, and the potential for the development of new commercial partnerships. González-Torres et al. (2021) note that the relationships between the upstream and downstream businesses are central to effective and sustainable partnerships. Canhoto and Wei (2021) also note that stakeholders and their attributes not only vary but are constantly changing.

The stakeholder approach permits an examination of divergent perspectives, interests, and considerations. In the tourism sector, as Theodoulidis et al. (2017) state, businesses have to focus on their interests as well as responding to stakeholder concerns, including those of customers/ tourists and service providers. In the tourism sector, there are a range of different types of businesses as well as other stakeholders that influence decisions. González-Torres et al. (2021) state that the interdependent, cross-cutting, and fragmented nature of most tourism products results in businesses establishing relationships with numerous stakeholders in the sector, creating tourism supply chains. They further indicate that there are two types of risks associated with supply chains: operational risks linked to demand fluctuations and disruption risks linked to low-frequency-high-impact events that result in long-term business interruptions with unpredictable scaling. The

COVID-19 pandemic was a disruption risk, and consequent restrictions and closures also posed operational risks. González-Torres et al. (2021) and Tasnim et al. (2023) assert that the main stakeholders across a typical tourism value chain are tourists, suppliers, distributors, tour operators, business partners, competitors, governments, and other businesses undertaking complementary activities. Thus, tourism SMMEs are highly variable with diverse needs and resources, making the use of the stakeholder theory important. Customers/ tourists, in particular, are key stakeholders that drive demand that tourism service providers (including SMMEs) respond. Support measures and interventions to deal with disruptions, such as the COVID-19 pandemic, require sensitivity to differences that denote needs, interests, and concerns. Additionally, as González-Torres et al. (2021) note, managing relationships with key stakeholders is critical to overcoming disruption risks.

Roxas et al. (2020) identify different types of stakeholders, including latent, expectant, and definitive stakeholders, such as tourism businesses and operators, tourists, residents, and government organizations. Roodbari and Olya (2024) develop an extended framework delineating attributes, stakeholder categories, identification typologies, and stakeholder examples in the context of sustainable development of smart tourism, as shown in Table 2.1. The stakeholder categories are determined, latent, expectant, and definitive, with each category being influenced to change (identification typology) by differing combinations of attributes. The attributes identified are perceived value, power, urgency, and legitimacy.

Table 2.1: An extended framework for stakeholder analysis (Roodbari and Olya, 2024: 11)

Attributes	Stakeholder category	Identification typology	Stakeholder examples for sustainable development of smart tourism
Perceived value	Determined stakeholder	Determined: stakeholder only has perceived value to influence the change	Local businesses and residents
Perceived value and power	Latent stakeholder	Dormant: stakeholder has perceived value and power to influence the change	Independent private companies
Perceived value and legitimacy		Discretionary: stakeholder has perceived value and legitimacy to influence the change	Charitable organizations and service providers (for example, hotel and recreation sectors)
Perceived value and urgency		Demanding: stakeholder has perceived value and urgent claims to influence the change	Press and media
Perceived value, power and legitimacy	Expectant stakeholder	Dominant: stakeholder has perceived value, power, and legitimacy to influence the change	Members of municipal councils, financial institutions and agencies (for example, Ministry of Environment)
Perceived value, power and urgency		Dangerous: stakeholder has perceived value, power, and urgency to influence the change	Private companies with conflicting interests and environmental groups with interest in wildlife
Perceived value, power, urgency and legitimacy		Dependent: stakeholder has perceived value, urgency, and legitimacy to influence the change	Local community groups, tourism and hospitality organizations, universities and research centers
Perceived value, power, urgency and legitimacy	Definitive stakeholder	Definitive: stakeholder has perceived value, power, urgency, and legitimacy to influence the change	Governmental bodies and transportation providers (road, rail, water and air)

In this study, the categorization of primary and secondary stakeholders is used, whereby the tourism SMMEs are the primary stakeholders and the focus of the study. SMMEs exert the most influence in determining whether their enterprises survive or not. Individual as well as public and private sector organizations and enterprises that affect or influence tourism SMMEs are regarded as secondary stakeholders. The secondary stakeholders include those from governmental as well as tourism and business organizations that provide various types of support (such as funding/

resources, information, training, and business development services) to SMMEs. While secondary stakeholders are not necessarily essential to the survival of SMMEs, they can influence or be influenced by strategies and interventions to assist SMMEs in coping with and better responding to the impacts of the COVID-19 pandemic. The secondary stakeholders in this study are government departments and organizations involved in providing tourism and small business support or are interested in tourism SMMEs. While not the main focus of this study, their support is examined to some extent, especially by including key informant interviews since their perspectives, experiences, and insights are important to consider. Roxas et al. (2020) also indicate that understanding and balancing tourism stakeholder needs and interests will assist in redesigning tourism experiences to respond to the COVID-19 pandemic 'new normal', a key focus of this study. Examining issues pertaining to COVID-19 impacts on SMMEs assists in developing appropriate strategies to inform the tourism sector's recovery as well as contributing to future resilience and sustainability. Canwat (2024: 3) states that "resilience is a critical attribute that businesses require for their survival during a crisis". Liu et al. (2024: 2) define resilience as:

> … the capacity of a system to defend, adapt, reorganize, and foster innovation in response to adverse events. These abilities include coping with and recovering from shocks, identifying risks, responding adaptively, and engaging in self-organized learning and innovative development.

Gumede (2022: 32) defines resilience in the tourism sector:

> …as the industry's capability to implement necessary strategies for overcoming potential disruptions due to unprecedented crises or disasters. In a nutshell, resilience means that the tourism industry has all the necessary resources in place to enable the resumption of normal operations after being disrupted by COVID-19 lockdown restrictions.

Liu et al. (2024) state assert that tourism resilience is a complex and multifaceted mega-system, focusing on ensuring the stable development of the sector and operating within a specific geographical area. Thus, locality-specific contexts are important in understanding resilience which is pertinent to the case studies in this research. Liu et al. (2024: 2) further indicate that research on tourism resilience is emerging, with some studies showing that tourism sector reveals the ability to "defend, adjust, recover, reorganize, and evolve" when experiencing exogenous or endogenous uncertainties and disruptions within specific spatio-temporal conditions. Other studies, according

to Liu et al. (2024), focus on resilient tourism organizations and resources. For CMT SMMEs, this is important to shape strategies for recovery, sustainability and resiliency, which includes addressing risk management, embracing innovation and diversifying income to deal with disruptions. It is important to note that resiliency does not only imply financial recovery but also includes business continuity, social inclusion and environmental sustainability. John's (2023) exploration of the challenges faced by SMMEs in the tourism industry in building capabilities towards resiliency in the wake of the COVID-19 pandemic is an illustrative example of the use of the stakeholder perspective to identify economic, organizational, and stakeholder barriers.

2.3. Diffusion theory

Diffusion theory, which is also referred to as the diffusion of innovations theory, is a conceptual framework used to explain and understand how new ideas, practices, innovations and technologies are adopted or embraced (Dabphet et al., 2012; de Larrea et al., 2021; Dibra, 2015; Ganglmair-Wooliscroft and Wooliscroft, 2016; Guidolin, 2024; Huang et al., 2022; Shin and Perdue, 2022; Sia et al., 2023). Dabphet et al. (2012) indicate that the diffusion theory was developed to outline the process by which an innovation is communicated (using media or interpersonal) over time (including the period it takes to adopt the innovation) in a specific social system. Diffusion theory continues to be widely used in various fields, including business development, marketing, technology adoption, and social sciences (Dabphet et al., 2012). Diffusion theory is important to include since embracing new ideas and technologies characterizes the world, especially in a COVID-19 environment. Kerdpitak (2022), focusing on cultural tourism businesses in Thailand but applicable to tourism businesses generally, asserts that innovative management methods, including digital marketing, collaborative networks, improving service quality, and refining supply chain management, can bring increased potential performance. Additionally, as indicated by Dabphet et al. (2012: 1110), innovations and new ideas can be associated with approaches, for example, the "concept of sustainable tourism development is considered an innovation because it is regarded as a new tourism principle with the potential of achieving both economic growth and environmental protection in tourism destinations".

Khan et al. (2022) demonstrate (as shown in Figure 2.3) how the diffusion of innovation theory can be used to understand and promote environmental sustainability in the health sector (focusing

on medical businesses) and applies to the tourism sector as well. They indicate that the adoption of sustainability innovations is influenced by perceptions of relative advantage, compatibility, simplicity, trialability, and innovativeness influenced by environmental opinion leadership as denoted in the arrows in the Figure that can exert substantial influence within their networks and affect the opinions of connected individuals. These attributes influence whether sustainability innovations are adopted as indicated by the arrows, which affects overall sustainability. Khan et al. (2022) assert that sustainability is indispensable to increasing business sector effectiveness and providing customers with better opportunities to buy sustainable products and services, especially since the market share of businesses that offer services to promote customer satisfaction through innovation and sustainability has grown. Adopting sustainability innovations (such as renewable energy and eco-friendly infrastructure) can also provide CMT SMMEs with a competitive business edge when their business offerings align with the demand for responsible tourism practices. Simple innovations that have been tried and tested are also easier for CMT SMMEs to implement.

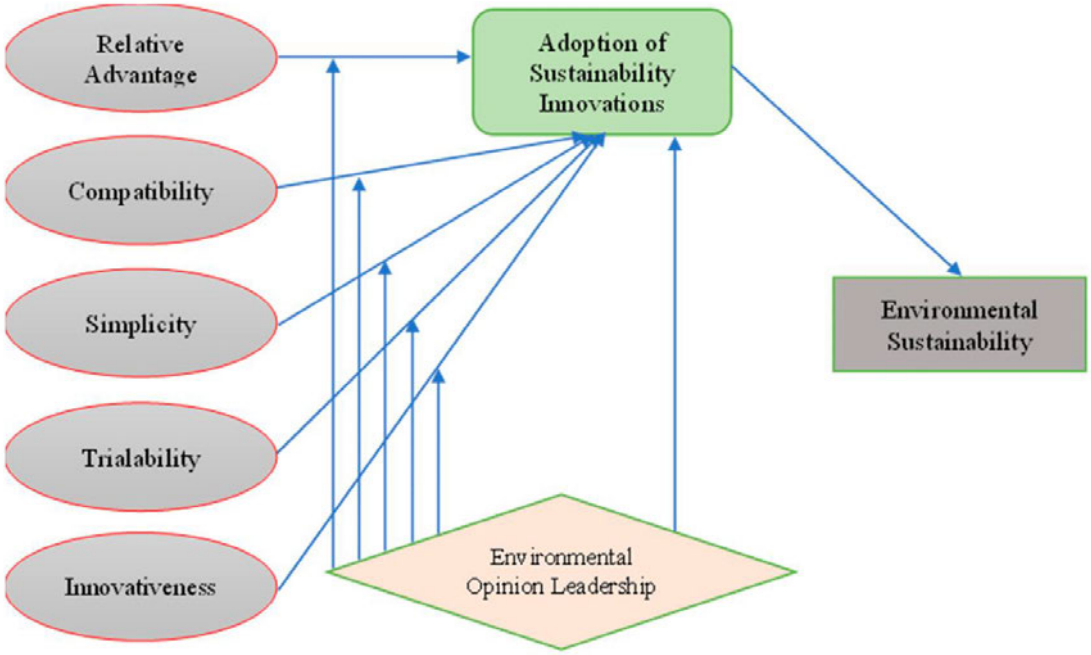


Figure 2.3: Environmental sustainability through the diffusion of innovation theory (Khan et al., 2022: 6)

Diffusion theory, according to Anwar et al. (2014), also considers the different types and stages of development of SMMEs to better understand whether they are ready and have the capacity to adopt new ideas and technologies as well as embrace change. Readiness and capacity are also linked to examining capabilities, incorporated with Sen's capabilities approach which is used as a conceptual framework to examine strategies and interventions to support the development of SMMEs (Bakker, 2019; Sferrazzo and Ruffini, 2021). Additionally, as indicated by Dibra (2015), research reveals that in relation to tourist demand, visitors are more selective in the tourism destinations and businesses they choose, necessitating that the sector pays more attention to responding to changes, being innovative and centralizing sustainable tourism development to maintain competitive advantage and support tourism business growth.

Chiliya et al. (2011) assert that diffusion is generally associated with five stages: knowledge/ information/ awareness pertaining to options/ technologies available, persuasion to adopt, decision taken to adopt, adoption/ implementation, and thereafter confirming that the adoption was valuable with positive outcomes. Raisi et al. (2024) focus mainly on knowledge diffusion at tourism destinations, underscoring its importance in enhancing tourism destination competitiveness. Ganglmair-Wooliscroft and Wooliscroft (2016) identify several characteristics that influence how quickly a population adopts an innovation, including its relative perceived advantages (in economic and social prestige terms), the convenience (complexity linked to usability tends to reduce adoption rates) and future likely satisfaction, compatibility with previous experiences and values, observability in relation to the social aspect, and its trialability. Dabphet et al. (2012) and Sia et al. (2023) indicate that diffusion theorists suggest that the adoption of new ideas, innovations, and technologies generally follows an expected pattern with different individuals and groups embracing adoption at different times. Guidolin (2024) specifically indicates that the diffusion of innovations triggers the evolution of social and economic systems as well as strategic and anticipative responses. This positions diffusion theory to consider the different types and stages of SMMEs to better understand their ability and readiness to embrace change and adopt new ideas and technologies (Anwar et al., 2014). It is important to identify the early adopters compared to those that lag behind since it has implications for when and how CMT SMMEs respond to sustainability-orientated innovations, resiliency strategies and digital changes.

Five separate adopter categories exist (Jahanmir and Lages, 2016; Mallinson, 2021; Martinez et al., 1998):

- Innovators: the first individuals or organizations to adopt. They are generally risk-takers who embrace trying new things and change. This is an important category since they are regarded as opinion leaders.
- Early adopters: they are the next group of adopters come next in the adoption process. They are respected and influential members of the community, motivated mainly by the potential benefits of the change being adopted.
- Early majority: this is when a larger portion of the population adopts innovations/ new ideas. They are more cautious and wait to observe the benefits or successes among innovators and early adopters.
- Late majority: this is a more risk-averse part of the population that adopts innovations and embraces change when they are confident of the benefits and the innovation/ change is no longer new but has become the norm.
- Laggards: the last group to adopt innovations (and some may not do so) because they are skeptical and often resist. They generally only adopt an innovation or embrace a change when there are no other options.

Guttentag and Smith (2022), while recognizing the five categories detailed above, focus on three categories (earlier adopters, later adopters, and non-adopters) when examining the diffusion of Airbnbs.

Identifying innovators and early adopters, particularly within the tourism sector, can permit researchers to examine which SMMEs were able to embrace new practices or technologies to cope with the challenges created by the pandemic and how to assist with the overall recovery of the sector and build future resilience. This can, therefore, provide insights and identify best practices to inform future interventions. Guttentag and Smith (2022) and Sia et al. (2023) state that the diffusion process is influenced by numerous factors such as perceived benefits or advantages, compatibility with existing processes and practices, ease of adoption (the more complex, there are fewer innovators as well as early adopters), whether the innovation can be tried before full adoption, and willingness to disclose information. Perceived usefulness and ease of use are defined by Davis (1985: 26), as “the degree to which an individual believes that using a particular system

would enhance his or her job performance", and "the degree to which an individual believes that using a particular system would be free of physical and mental effort", respectively. Perceived usefulness and ease of use considerably influence the desire and ability to adopt new ideas and innovations.

To understand how strategies and interventions assist tourism SMMEs are perceived, accepted, and adopted, five aspects recognized by Rogers (1995: 5 cited in Chiliya et al., 2011: 30) are noteworthy and adapted in this study:

- What are the characteristics of the strategies and interventions?
- How information about the strategies and interventions were communicated?
- Were tourism SMMEs required to accept the strategies and interventions or was it voluntary (known as process characteristics)?
- What is the compatibility of the strategies and interventions with the social norms and needs of the tourism SMMEs?
- What are the characteristics of the change/ implementing agents (such as government departments) mandated to develop and promote the strategies and interventions?

Challenges to adoption (even when the intervention is needed and accepted) can also be examined to identify barriers experienced that hinder the adoption of critical innovations during the COVID-19 pandemic. These can include aspects such as accessibility to information about interventions, financial constraints, if requirements to benefit were met, lack of the required technological infrastructure (including internet connectivity), if the interventions align with the needs of tourism SMMEs, and resistance to change. Understanding these barriers can inform current and future targeted support and intervention strategies for tourism SMMEs. Furthermore, diffusion theory can be used to assess the impact of strategies and interventions on the recovery and resilience of tourism SMMEs. For instance, if the adoption of interventions and changing business operations assist in survival during the lockdowns, enhance competitiveness, and assist in better positioning the enterprises to deal with future disruptions. Diffusion theory can be used to assess if and how tourism SMMEs have adopted innovative technologies and strategies to respond to the COVID-19 pandemic. For example, businesses may have transitioned to changing the products and services

offered, adapting employee arrangements, transitioning to online processes, and having digital marketing campaigns to respond to health safety concerns as well as changing customer preferences.

The centrality of information and digital technology to recover from the pandemic impacts and to understand tourists' behavior, specifically in making travel decisions and transactions, is underscored by Kurniawati et al. (2022) and Mametja et al. (2023). As Matekenya and Moyo (2022) state, the fourth industrial revolution and the COVID-19 pandemic have accelerated and augmented the need for innovation and digitization in SMMEs. Furthermore, Mugano (2024) asserts that digitization and the use of big data are connected to product or service innovation and improved production processes that improve the competitiveness of small and medium-sized enterprises in both local and global markets. Additionally, tourism SMMEs may have been able to access external support, including financial assistance, provided. Furthermore, Palhad et al. (2023) assert that skilled labor and job opportunities are no longer confined to the physical location of workers and/ or business organizations, and the penetration and prominence of internet accessibility and digital technologies have resulted in new types of economic activities in what is called the gig economy.

A key focus of the diffusion approach is examining capabilities. The diffusion theory and Sen's capabilities approach (after one of the pioneers of developing this approach, Amartya Sen) place emphasis on the development and enhancement of capabilities. Sen's capabilities approach as a conceptual framework is used to examine strategies and interventions to support SMMEs and, as indicated by Rambe and Mosweunyane (2017), to examine the poverty reduction and job creation focus of entrepreneurship which is important in the South African context. Robeyns and Byskov (2023: 1) state that "capabilities have also been referred to as real or substantive freedoms as they denote the freedoms that have been cleared of any potential obstacles, in contrast to mere formal rights and freedoms". Thus, there is a distinction between real and formal freedoms. According to Croes et al. (2023) and Manley (2020), Sen's capabilities approach assesses the well-being and capabilities of individuals that can be extended to organizations and businesses. This approach can, therefore, be used to evaluate how the capabilities of tourism SMMEs were affected by the pandemic, for example, changes in income and employee well-being. Furthermore, Croes et al.

(2023) state that the capabilities approach helps to identify vulnerable groups, which in the case of this study are specific tourism SMMEs that were more likely to be negatively impacted. Understanding these vulnerabilities and the associated capabilities can inform targeted support interventions. For CMT SMMEs, diffusion of innovation, together with Sen's capabilities approach, highlights the importance of examining business capabilities to withstand disruptions and cope with changes (especially innovations). This can assist in identifying vulnerable CMT SMMEs most likely to be affected by disruptions, thereby shaping targeted interventions.

A key consideration of Sen's capabilities approach is that of agency (Croes et al., 2023; Manley, 2020; Robeyns and Byskov, 2023). Agency focuses on the abilities of individuals, businesses, and organizations to make choices. This aligns with earlier notions in the diffusion theory of innovators and early adopters, who are generally viewed as agents of change. Croes et al. (2023) indicate that Sen's reasoning in the capabilities approach has three implications that are pertinent to this study as well in terms of options and resources available to SMMEs:

- Actions depend on unequal access to resources, social roles, and networks
- Contextual mechanisms or conversion factors include resources, reasoning, opportunities, and constraints that can be facilitative or obstructive
- Mechanisms modulate outcomes, that is, different contexts influence impacts and choices

Given the nature of the pandemic and widespread government responses, the capabilities approach can also assess the effectiveness of government interventions (such as public health measures, financial support programs, and unemployment benefits) intended to protect and develop the capabilities of individuals and businesses affected by the pandemic. This permits a focus on how tourism SMMEs have adapted their service offerings and operations to support the capabilities of the businesses during the pandemic. The capabilities approach also focuses on the conversion of resources into achievements by combining internal capacities with government involvement to make choices, act, and seize opportunities in the context that the tourism industry is generally characterized by market failures (inefficiency) and distortions (government interventions) as well as unequal access to benefits and opportunities that affect outcomes and impacts (Croes et al., 2023).

By integrating the insights from both diffusion theory and Sen's capabilities approach, a more comprehensive understanding of how tourism SMMEs have responded to the COVID-19 pandemic and how these have affected business well-being and resilience can be gained. Thus, the above discussion reveals how these two approaches can be used to examine the impacts of the COVID-19 pandemic on tourism SMMEs and their ability to adapt to and embrace change, informing strategies for recovery and future sustainability in the tourism sector.

2.4. DPSIR

Mandić (2020) asserts that the DPSIR framework considers triple bottom line (economic, social, and environmental) implications pertaining to impacts and responses that permit an examination of local and global pressures and drivers in different contexts (this study being tourism SMMEs). Faseyi et al. (2023), Mandić (2020), Tscherning et al. (2012) and Yussif et al. (2023) state that the DPSIR framework was developed in the late 1990s, when it was adopted by the Organization for Economic Cooperation and Development (OECD), to structure and organize indicators in a meaningful way to support decision-making and regulatory enforcement tool. They further indicate that research using DPSIR as a framework may provide effective solutions to address problems by considering knowledge integration, stakeholder involvement, and the provision of alternatives. Ruan et al. (2019) note that the DPSIR model focuses on the interactions and interrelationships between society/ people (applicable to tourism SMMEs as well) and the environment by adopting a systems approach. Yussif et al. (2023: 1461) state that “due to its flexibility and ability to systematize and simplify complex relationships of very diverse social-ecological systems, the DPSIR framework has been applied in many geographical and thematic contexts”. According to Allen (2022), the DPSIR model is a framework that helps organize research in a manner that increases understanding of co-evolving and interacting socio-ecological processes, permitting evaluating trends analyses and supporting the development of constructive interventions at different levels. Thus, the DPSIR model is appropriate for this study since it provides a structured approach to examine the connections between CMT SMME activities, socio-economic systems, drivers and pressures, and impacts and responses.

In relation to tourism, Li et al. (2023), Mandić (2020), Ness et al. (2010), Sobhani et al. (2023), Swangjang and Kornpiphat (2021) and Xu et al. (2022) outline the value of the DPSIR model that focuses on human and environment interactions in the tourism ecosystem that integrates examining pathways, eco-efficiency, risk assessment and effectiveness of responses. Liu et al. (2024: 2-3) outline the value of the DPSIR approach in relation to tourism:

> This theory provides a flexible and precise description of tourism system resilience, including its social, economic, and ecological factors. This model illustrates the threats that social, economic, and human activities pose to the watershed ecological security. It also employs response indicators to demonstrate environmental feedback on society resulting from human activities and their ultimate effects.

Xu et al. (2022) note that scholars have used the DPSIR model as an important tool to assess tourism sustainability, identifying key indicators related to the tourism industry and economic development (Drivers), ecological demands and attributes (Pressures), ecological quality and tourism attractiveness (State), ecological and economic structures (Impacts) and environmental governance, strategies and subsidies (Responses). Shi et al. (2024) indicate that the DPSIR model can effectively represent and describe the causal relationships within the tourism system, encompassing elements such as the ecological environment, tourism resources and human tourism activities. Furthermore, Shi et al. (2024) argue that the DPSIR model serves to illustrate the threats posed by socio-economic and human activities to tourism, demonstrating the feedback loop, whereby impacts on the tourism environment emanate from tourism activities through the response sub-system.

Ness et al. (2010) state that the DPSIR framework assists in structuring information, making it possible to identify important relations and develop an overview and understanding of a problem. This makes the DPSIR model relevant in relation to the COVID-19 context. Sobhani et al. (2023) indicate the circular orientation of the DPSIR model with the introduction of a driving force that serves as the foundational element from which subsequent pressures emanate that lead to changes within the socio-economic and ecological systems, causing impacts on these systems that results in responses which trigger new drivers that initiate a further cycle. Similarly, Li et al. (2023: 4)

state that the DPSIR "is an orderly, sustainable, and open circular system that emphasizes the symbiotic relationship between tourism and the environment".

Allen (2022: 1) diagrammatically represents the components of the DPSIR model (Figure 2.4), including the response alternatives available (mitigation, restoration, and adaptation). The solid arrows denote the typical pathway of a DPSIR approach from driving forces to responses, while the broken arrows indicate how responses to any situation can affect drivers, pressures, the state, and impacts. According to Allen (2022), the driving forces can be anthropogenic or naturally induced, and examining why the problems arise is important to understand the pressures that can be manageable (usually endogenic) or unmanageable (usually exogenic, which is applicable to the COVID-19 pandemic, in relation to the tourism sector and SMMEs). The socio-economic and environmental State have quantity and quality dimensions, with the effects of the pressures having positive and/ or negative impacts that result in policy, practice, and operational responses emanating from governments/ organizations/ businesses/ individuals undertaking risk assessments, cost-benefit analyses, and socio-political perceptions.

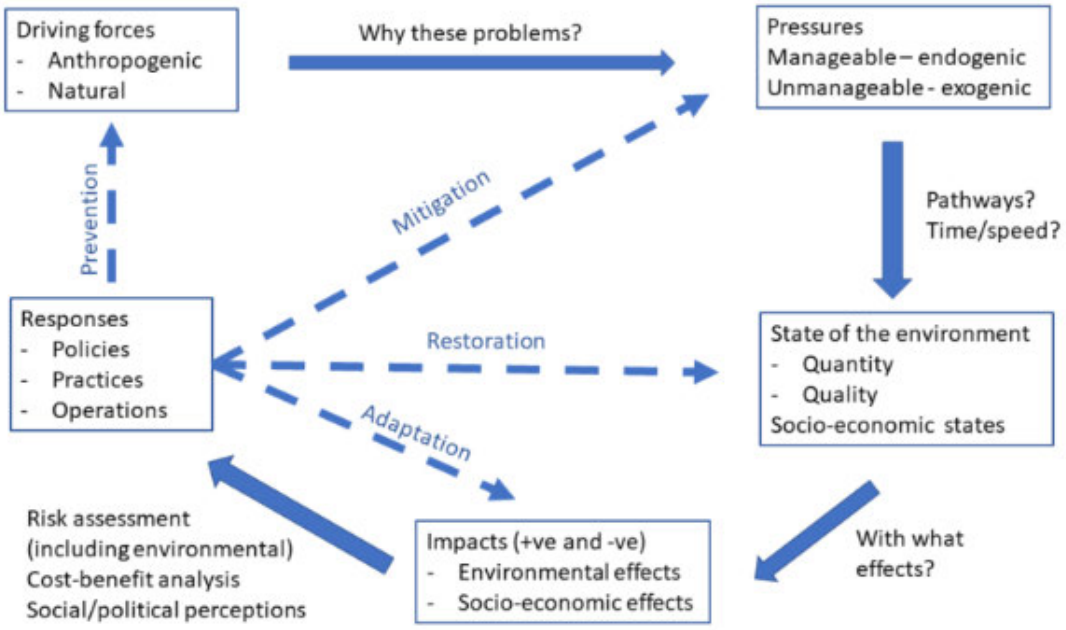


Figure 2.4: DPSIR model (Allen, 2022: 1)

Gupta et al. (2020) indicate how the DPSIR model integrates equity aspects (Figure 2.5). The questions raised by Gupta et al. (2020) are crucial in the context of the COVID-19 pandemic, as highlighted in the introductory Chapter and will be further elaborated on in the next Chapter in terms of issues pertaining to inequalities and equity considerations as well as vulnerabilities.

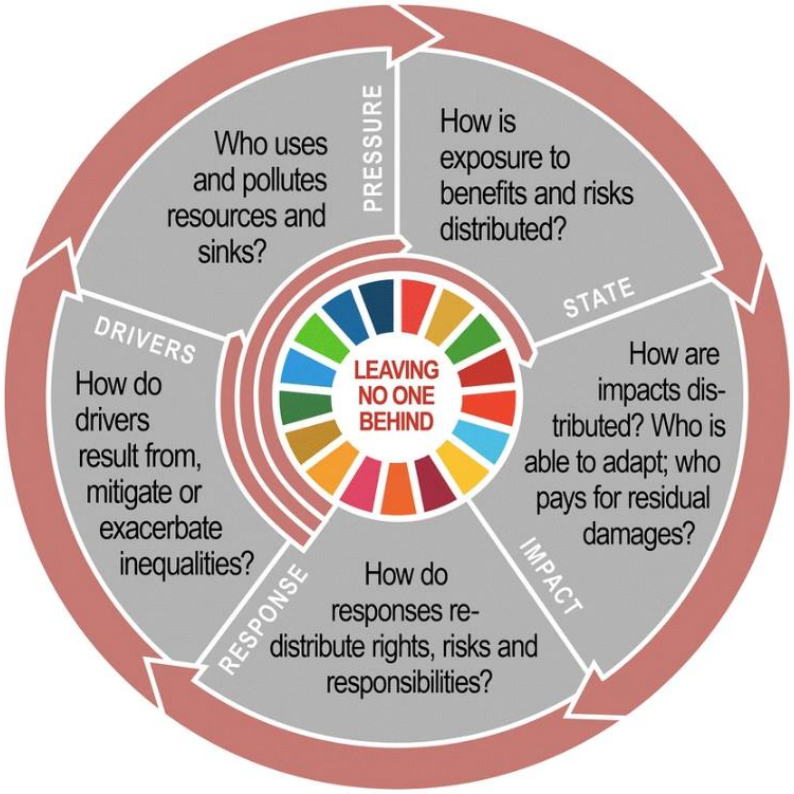


Figure 2.5: Integrating equity questions in the DPSIR framework (Gupta, 2020: 506)

In the tourism sector, the main components of the DPSIR are:

- Drivers: forces or factors that stimulate tourism activities, which could include demand for goods and services (including destination products and experiences), economic (such as income levels, tourist markets and exchange rates), social factors (such as cultural events and attractions), environmental (such as embracing green/ environmentally-friendly practices and responding to being environmental responsible), technological factors (such as digital marketing, online products and services, and transportation advancements), and policy (such as government support and incentives) aspects. The key drivers in relation to tourism SMMEs before the COVID-19 pandemic included factors such as economic

growth, increased tourism demand and consumption, and demand for diverse tourism products and services.

- Pressures: are the various activities and processes that result from tourism drivers and exert stress on the sector, including tourism SMMEs. In the case of the COVID-19 pandemic and disruptions in the South African context specifically, these can include decreased tourist arrivals, changes in consumption patterns and tourist behaviors, resort development), energy disruptions associated with loadshedding, and transportation interruptions and unreliability. For tourism SMMEs in the context of the COVID-19 pandemic, pressures include the immediate and continued impacts of the pandemic on the businesses associated with health concerns, lockdowns, travel restrictions, and reduced consumer confidence, which dramatically affected tourist arrivals (including cancellations of bookings) resulting in substantial revenue losses.
- State: the current condition or state of tourism at a specific location/ destination and within a specific context. Components considered include the economic (such as tourism trends and spend, employment patterns, tourism products and services on offer, and number and types/ profiles of tourism SMMEs), socio-cultural (such as tourist profiles, impacts on local communities and experiences), physical infrastructure (such as transport networks, accommodation facilities, restaurants and retail establishment, technology and internet connectivity, safety and security measures and tourism information centers) and environmental (such as natural ecosystems/ biodiversity, energy and water consumption, waste management practices, and nature-based tourism activities) aspects. The state depicts the baseline conditions and can serve as benchmarks to monitor changes, including impacts as a result of disruptions such as the COVID-19 pandemic. In relation to tourism SMMEs, the state during the pandemic included aspects such as changes in consumer behavior and preferences, reduced occupancy rates, and business closures resulting in financial distress as well as business operations and employment.
- Impacts: the positive (such as job creation, economic growth, improvement of natural habitats, and increased support for the tourism sector) and negative (such as travel disruptions, job losses, business closures, decreased revenues, pollution, and habitat destruction) effects or consequences of tourism activities on the environment and society as well as the effects of changes/ disruptions on tourism activities as was the case with the

COVID-19 pandemic. For tourism SMMEs during the COVID-19 pandemic, these included direct (such as layoffs, revenue losses, and business closures) and indirect (such as implementing health and safety protocols, changing business processes and focus, and shifting to online operations) impacts. Examining impacts assists in identifying challenges and opportunities to inform the development of appropriate interventions/ responses to promote sustainable tourism management and build future resilience in the sector and among tourism SMMEs.

- Responses: the policies, strategies, and interventions/ actions implemented by a range of stakeholders (including tourism businesses, government, private sector and non-governmental organizations, and donors to address the socio-economic and environmental impacts. These responses, which can include the provision of funding/ resources, are intended to mitigate negative impacts and support tourism activities while promoting sustainable practices. Tourism SMMEs responded to the COVID-19 pandemic in numerous ways, including closing businesses, changing business operations and service offerings, and seeking financial assistance. Other stakeholders also responded to the crises by providing relief packages and other types of support to tourism SMMEs.

The DSPIR model provides an organized and structured approach to assess the multifaceted and complex relationships between tourism as a sector (and tourism SMMEs in particular) and changing socio-economic and environmental conditions.

2.5. Conclusion

This Chapter has outlined the multi-conceptual theoretical framework used to guide this study, drawing on stakeholder and diffusion theories as well as the DPSIR approach. The stakeholder theory permits an examination of diverse experiences, interests, concerns, and perspectives. It includes understanding stakeholder needs to ensure alignment with changing demands that position tourism SMMEs to be resilient and embrace sustainability. Diffusion theory (that integrates Sen's capabilities approach) offers useful insights to examine the adoption of interventions and innovations among tourism SMMEs that assess their response options and capabilities to navigate disruptions such as the COVID-19 pandemic. The DPSIR approach, derived from environmental studies, assists in examining the complex relations and interactions

between human activities (including business operations), external drivers (like the COVID-19 pandemic), and the environment. The DPSIR approach is valuable in understanding the impacts of both internal and external changes on the tourism sector (and on tourism SMMEs specifically), especially in the context of resilience building and sustainable development. The multi-conceptual theoretical framework used provides a comprehensive and useful lens to examine stakeholder needs and interests; changes, drivers, and pressures that impact tourism SMMEs; their responses to these changes and disruptions; and broader resiliency and sustainability considerations for tourism SMMEs specifically and the tourism sector generally. The next Chapter undertakes a literature review focusing on key themes pertinent to the topic.

CHAPTER THREE
LITERATURE REVIEW

3.1. Introduction

Huang et al. (2023) state that literature reviews serve as the key cornerstone for advancing the body of existing knowledge. A thematic discussion of pertinent secondary sources, including academic publications, policies, and reports, is undertaken in this Chapter. Firstly, CMT is discussed with a specific focus on the South African context, given that the case studies (Cape Town and Durban) are urban CMT locations. Thereafter, issues pertaining to SMMEs generally and tourism SMMEs specifically are examined. This is followed by a discussion of the COVID-19 pandemic disruptions on tourism SMMEs and how this group of businesses responded to these disruptions. As indicated in the introductory Chapter and reinforced in the conceptualization of the theoretical framework used to guide the research, the focus of the study is on the socio-economic impacts of the COVID-19 pandemic on CMT SMMEs. The focus is on CMT locations as a tourism sub-sector, given its prominence in driving tourism demand and supply in South Africa. Therefore, the literature review starts by providing an overview of CMT globally and in South Africa specifically to contextualize the research, especially the case study locations (Cape Town and Durban), which will be discussed further in the next (methodology) Chapter.

3.2. CMT, with a specific focus on South Africa

3.2.1. CMT

The ocean is a global interconnected ecosystem supporting a wide range of uses including (Barbier, 2017; Brumbaugh and Patil, 2017; Carvache-Franco et al., 2022b; Chang et al., 2024; Hernández et al., 2023; Jiang et al., 2022; Kobryn et al., 2018; Kronfeld-Goharani, 2018; Myles, 2017; Rumahorbo et al., 2020; Struwig et al., 2024):

- Tourism and other economic activities (including transportation)
- Recreational services and spaces
- Provision of food and other natural resources (including energy generation) for human consumption

- Environmental services that contribute to protecting and stabilizing the shoreline, flood/ storm and erosion control, regulating the climate, and absorbing carbon emissions/ carbon sequestration
- Coastal and marine biodiversity as well as breeding and nursery habitats
- Scientific and educational opportunities

CMT is a prominent sub-sector of tourism. Tegar and Gurning (2018) argue that CMT is among the oldest and largest forms of tourism. Papageorgiou (2016: 45) indicates that CMT "not only represents the largest and constantly growing segment of the tourism industry, but also among the most important (and fastest growing) economic activities taking place at the sea". Meyer-Arendt (2018: 361) asserts that coastal management and tourism research areas have grown in importance "as the broader fields of environmental management and tourism have expanded in global societal, political, and economic systems". CMT is defined by Nulty et al. (2007: 1) as:

> …the sector of the tourism industry that is based on tourists and visitors taking part in active and passive leisure and holidays pursuits or journeys on (or in) coastal waters, their shorelines and their immediate hinterlands.

Chang et al. (2024) state that the CMT industry generally includes economic activities that gain from being close to the sea, such as recreation, accommodation, and restaurants, representing the greatest proportion of value-add among the different types of ocean economic activities. Singgalen (2024) notes that the development of CMT needs particular attention because of the diversity of activities around the coast that impact on environmental sustainability.

The Mediterranean Maritime Integrated Projects (2014) and Tegar and Gurning (2018) articulate the interrelationships between the two distinct forms of tourism (coastal and marine) that combine to form CMT, indicating that marine tourism is linked to sea-based activities taking place in the deep oceans connected to and dependent on the sea, while coastal tourism refers to land-based tourism and recreational activities taking place on the coast for which the proximity to the sea is a condition, including respective services and infrastructure located along the coast. They also identify different types of activities, noting that marine tourism includes cruising, sailing, and other leisure water-based activities and nautical sports in coastal waters) such as scuba diving,

underwater and deep sea fishing, wildlife mammal watching, water skiing, and windsurfing; while examples of coastal tourism include sunbathing, swimming, surfing, and other beach and coastal recreational activities. Furthermore, they state that while the vast majority of marine tourism activities take place in the sea, their supporting facilities and infrastructure are generally found on land, including the businesses that support these activities.

Duan et al. (2022) undertook a bibliometric analysis of CMT research from 1999 to 2020 and concluded that the main thematic research topics were sustainable development considerations, the impact of CMT on destinations, management and conservation concerns, and the impact of climate change on CMT. These themes are interrelated, and undoubtedly, research from 2020 has substantially focused on COVID-19 aspects, as this study does. Carvache-Franco et al. (2022a) examined coastal and marine topics and destinations during the COVID-19 pandemic in Twitter's tourism hashtags. They found that travel, beach, sea, and cruise were the most important discussion topics. Huang and Wang's (2023) review of COVID-19-related empirical research in major tourism and hospitality journals revealed that the main aspects focused on were consumer behavior predominantly, followed by response actions and recovery strategies, impacts on the tourism industry or specific sectors, and impacts on workers/ employees. Duan et al.'s (2022) bibliometric analysis reveals that there is a limited focus on businesses, a lacuna that this study contributes to addressing. Additionally, Huang and Wang's (2023) review indicated that most research either used quantitative methods or were desktop studies (the Google Scholar search for this research indicates a notable number of systematic literature reviews and bibliometric studies). This research adopts a mixed methods approach, which is also a contribution to the body of knowledge in terms of methodological orientation.

Carvache-Franco et al. (2022b) state that perceived value is important to consider since it influences the future behavior of tourists in sustainable coastal destinations, thereby informing development plans. They identify three dimensions in the perceived value in relation to CMT, namely, economic value, social value, and emotional and functional value. Carvache-Franco et al. (2022b: 1) assert that "the emotional and functional dimension is the most important predictor of satisfaction and loyalty in variables such as return, recommendation, and saying positive things about a coastal and marine destination".

There are numerous studies (such as Biggs et al., 2015; Brouwer et al., 2017; Dimitrovski et al., 2021; Duan et al., 2022; du Preez et al., 2012; Goliath et al., 2018; Hosking et al., 2014; Joseph, 2017; Mir-Gual et al., 2015; Mitra et al., 2019; Munien et al., 2019; Myeza et al., 2010; Neva, 2020; Nobi and Majumder, 2019; Porter et al., 2018; Rumahorbo et al. 2020; Singgalen et al., 2024; Tkaczynski and Rundle-Thiele, 2018; Trave et al., 2017; United Nations, 2014) that show that globally CMT activities have significant socio-economic and environmental benefits. For example, Neva (2020) and Papageorgiou (2016) highlight the importance of CMT as an economic activity, noting that it is the largest sub-sector of tourism and is one of the fastest-growing economic sectors. Furthermore, Mir-Gual et al. (2015) assert that sun and beach tourism is a major economic activity and has been increasing in coastal areas (both in relation to numbers and spatial spread) to maximize profitability, reflected in the increased focus on strategies such as the development of artificial beaches to market and promote coastal destinations. Cirer Costa (2024) states that the development of mass sun and beach tourism (they use Spain as a case study) has major implications for the development of tourism products in coastal locations. Mir-Gual et al. (2015) indicate that beaches (and coastal locations more generally) are viewed as spaces for profitable businesses rather than natural ecosystems that are vulnerable. Goliath et al. (2018) indicate that the South African government has identified CMT as a niche area that is well positioned to create employment and have positive impacts on the tourism value chain of a destination associated with the socio-economic and environmental impacts of CMT. Grimett (2022) states that with a diverse range of CMT activities, many different types of SMMEs and large businesses benefit from the sector either directly or indirectly. Abhari et al. (2022) note that this applies to supporting local small businesses generally because they have strong multiplier impacts on the economy. They further state that the resilience of small businesses generally, particularly in the tourism industry, is dependent on efforts and support from the government and policymakers.

Conservation benefits in relation to environmental aspects are highlighted. Cañavate et al. (2019), Struwig et al. (2024) and the United Nations (2014), for example, note that CMT, which is part of the blue/ ocean economy, encourages economic growth that ensures the maintenance of ocean ecosystems, coastal environmental sustainability and conservation, and social benefits. Struwig et al. (2024) state that the ocean is becoming a crucial point in the discussion on growth and

sustainable development nationally and internationally. Tegar and Gurning (2018) and Trave et al. (2017) assert that the blue economy concept adopts ecosystem principles linked to encouraging economic development and growth that also focuses on environmental and social sustainability. Struwig et al. (2024) state that the ocean economy is described as an industry that includes a large number of extremely productive activities and, if well-managed, could contribute substantially to South Africa's economic growth in areas such as trade and transport activities (port activities and industries), mining, fishery and aquaculture resources, oil and gas resources, seaside and coastal tourism, exploitation of renewable marine and hydraulic energies, ocean technologies and marine protection services.

Munien et al. (2019) indicate that nature-based tourism (including CMT) generates strong incentives for sustainably conserving and managing coastal ecosystems and contributes to sustainable economic development, especially since these types of tourism activities generate income and employment opportunities that benefit the local people and economies. Ndlovu et al. (2018: 110) assert that CMT:

> …has a great potential to unlock sustainable socio-economic development, generate multifarious benefits for local communities and the nation, and simultaneously contribute to protecting and conserving the biodiversity of marine and coastal environments in South Africa.

Gounden et al. (2020: 1061) also highlight the links between blue economic growth and blue tourism which:

> …includes tourism carried out on the coast or at sea which can incorporate, in relation to the quality of the service offered, the economic, social and environmental aspects of sustainability to minimize negative impacts on the natural ecosystem and the local economy.

Rogerson and Rogerson (2023) also highlight the importance of coastal tourism as part of the blue economy.

Porter et al. (2018) warn against making assumptions about the economic benefits of CMT, especially in marginalized and vulnerable coastal communities. This arises from major differences

in relation to the various types of CMT locations (including ecosystem vulnerabilities discussed earlier), the types of CMT activities in specific locations, accessibility to specific destinations (including the profiles and volumes of visitors), and the availability of necessary amenities and infrastructure. Barbier (2017), Carvache-Franco et al. (2019; 2020), Solé Figueras et al. (2024) and Yustika and Goni (2019) state that coastal and marine ecosystems are experiencing increased anthropogenic pressures (associated with population growth and coastal development, including tourism), which result in some of these areas being the most exploited worldwide. As noted in the introductory Chapter, coastal areas (especially cities) display the highest proportion of population growth globally. Specifically, Rangel-Buitrago et al. (2020) show that a significant and increasing share of the world's population resides in coastal locations, noting that from 1950 onwards, the number of coastal cities has multiplied by 4.5 times (2 146 in 2018 from 472 in 1950), with 23 coastal megacities that have a population of more than 10 million people. The potential socio-economic and environmental benefits associated with CMT are only attainable if these destinations have the attributes and management capabilities to attract visitors and tourists that contribute to sustainable economic activities. Porter et al. (2018) emphasize that local benefits (including supporting SMMEs which is the focus of this study) materialize when these communities can contribute to the CMT value chain. Nobi and Majumder (2019), drawing from the Bangladesh experiences, state that CMT sustainability is a long-term agenda that experiences several challenges, including lack of proper planning, inadequate budgetary allocation, short-term focus, absence of community participation, lack of awareness among residents, lack of coordination between agencies, and lack of marketing and publicity activities.

The COVID-19 pandemic serves as an illustrative example of how external threats can deeply disrupt economies that are heavily reliant on tourism, including CMT destinations, as shown by Shang et al. (2023a), which are relevant to the case studies in this research. Jiang et al. (2022) note that from a socio-economic perspective, the COVID-19 pandemic severely disrupted CMT, with coastal and island tourism industries globally being particularly vulnerable to the crisis because the countermeasures to curtail the transmission of the virus affected most tourism-related services. The pandemic's impact, resulting in a halt of tourism-related activities, reveals the vulnerability of economies hitched to tourism. Neva (2020: 1233) specifically underscores that blue growth initiatives often harbor "several social and environmental injustices, produced through structural

forces, and a manipulated access to natural resources, health services, and healthy environments", thus advocating a focus on sustainability to critically re-evaluate blue growth strategies. Additionally, understanding and strengthening resilience is important since the COVID-19 pandemic accentuates the vulnerability of such economies to deal with disruptions and changes (de Grosbois and Fennell, 2022). Sumantri and Rahmat (2023) indicate that one of the tourism sub-sectors affected the most by the COVID-19 pandemic is CMT. They note that to increase the number of tourists again, there has been an increased focus on the role of digital marketing. Their research focused on examining the extent to which digital marketing is used by CMT actors to increase tourism attractiveness. Sumantri and Rahmat (2023) conclude that digital marketing affects tourism attractiveness but not intention to visit, which is central to economic recovery. They assert that the intention to visit CMT destinations is influenced by tourism attractiveness.

Rogerson et al. (2018) note the emergence and importance of enhanced prospects for local entrepreneurs (mostly SMMEs), primarily within destinations that intentionally expand their tourism product portfolios beyond the 3S (sun, sand, and sea) framework that includes diverse and unique/ niche tourism products such as adventure experiences, ecotourism, heritage and cultural experiences and culinary tourism. The businesses associated with these offerings create enriched and diverse CMT economic and employment opportunities at the local level. Additionally, as Rogerson et al. (2018) emphasize, tourism activities have high levels of multiplier effects, denoting the ripple impacts of tourism spending. For example, CMT business ventures can introduce visitors to the destination's unique ecosystems, promoting environmental conservation, creating jobs, and leveraging income opportunities for accommodation and food establishments, transport services, arts and craft vendors, cultural events/ entertainment, local guides/ guiding or tour services, equipment rentals, etc. The CMT value chain extends to supporting farmers, crafters, and other producers that feed products and services into various activities.

Alcalá-Ordóñez et al. (2024), Gounden et al. (2020), Qiang et al. (2020) and Scholtz et al. (2015) indicate that the overall economic impact of tourism at a destination is influenced by a number of factors, including the number of tourists, length of stay, and overall spend/ tourism revenues at destinations. All these aspects were severely disrupted by the COVID-19 pandemic, resulting in substantial consequences for tourism SMMEs. Additionally, persistent disruptions linked to

aspects such as climate variation and change, economic disturbances, and social protests are features of the world today; all of which can impact tourism activities. Liu et al. (2024) state that ecological impacts such as natural disasters have substantial impacts on the vulnerability of tourism systems because the sector is characterized by high levels of environmental sensitivity. Weatherdon et al. (2016) indicate that climate change induces changes in tourism flows, resulting in substantial shifts in economic impacts (both costs and benefits) associated with tourism revenues and investing in infrastructure that have considerable consequences for economies from the local to global levels across the tourism value chain discussed earlier. McCreary et al. (2024) specifically highlight that climate change will impact nature-based tourism communities by modifying weather patterns and affecting the supply of outdoor recreation resources. They further indicate that visitors to nature-based tourism destinations respond through recreation substitution, changing where, when, and how participation in outdoor and nature-based activities occurs. McCreary et al. (2024) used visitor-intercept data (interviewing 1 398 at the North Shore of Lake Superior in Minnesota) to examine different visitor segment intentions to use recreation substitution as a result of changing environmental conditions. They found that long travel distances and low trip anticipation visitor segments were most likely to travel elsewhere or cancel their trips for more ideal recreation conditions. Additionally, their findings indicate that spatial substitution was lower among visitor segments with higher degrees of destination loyalty. McCreary et al. (2024) argue that examining predictors of recreation substitution is critical for nature-based tourism destinations to better adapt to climate change. McCreary et al. (2024) also indicate the importance of undertaking research at nature-based destinations that are not activity-specific ones, but have the capacity to provide a range of different types of tourism products and services. Cape Town and Durban are thus useful case studies given that they provide and are in close proximity to a range of different types of CMT tourism activities.

Tasnim et al. (2023) highlight the importance of analyzing the social, economic, and environmental development issues across the tourism value chain to build a sustainable tourism and hospitality sector globally. They further note that sustainability in the tourism sector can be affected negatively by global economic instability, climate change and other natural disasters, the loss of biodiversity, and regional and international security; making tourism a very sensitive and vulnerable sector. Haldar et al. (2024) warn that vulnerable ecosystems and human habitats in

urban coastal locations are more likely to experience negative impacts associated with extreme weather events and climate change, necessitating more investments to recover from climatic hazards and disasters. This trend is important for the tourism sector to consider and is relevant in both the coastal city case studies in this study.

3.2.1. CMT in South Africa

Statistics South Africa (2015) asserts that tourism is one of the largest key economic sectors in South Africa, with consistent growth in relation to both national and international tourists who travel mainly for vacations/ leisure and/ or to visit friends and relatives. Statistics South Africa (2023a) notes the impacts of the COVID-19 pandemic on tourism in the country, indicating a slight recovery after a drastic drop in tourist arrivals in 2020 and 2021, with the Tourism 2022 report showing that the volume of tourists dropped by 72.6% from 10 228 593 in 2019 to 2 802 320 in 2020 and declined by 19.5% between 2020 and 2021. Statistics South Africa (2023a) also state that the volume of tourist arrivals increased by 152.6% from 2 255 699 tourists in 2021 to 5 698 062 tourists in 2022, which indicates that an improvement was observed in the number of tourist arrivals from January to December 2022, but this was still 44.3% below pre-pandemic 2019 figures. In South Africa, according to Statistics South Africa (2023a), Tourism Direct GDP, which is a measure of the contribution of tourism activity to overall economic activity, decreased from R208 316 million in 2019 to R123 616 million in 2020 (a notable 40.7% decrease). Furthermore, Statistics South Africa (2023a) asserts that in 2020 the tourism sector directly employed 459 533 persons, which was a decrease of 41.1% (320 563 employees) compared to 2019 figures, and the tourism sector's share of total employment decreased from 4.8% in 2019 to 3.1% in 2020. These statistics reflect the concomitant impacts on tourism businesses, that are dependent on tourist arrivals and spending. Although data is not disaggregated to focus specifically on CMT trends, given that this is one of the largest tourism sub-sectors in South Africa, the trends discussed above are likely to apply to CMT as well.

South Africa has a coastline of 2 881 km (UNTWO, 2017), with abundant and diverse coastal and marine ecosystems and CMT products that are globally known, contributing to the country's economy (Department of Planning, Monitoring and Evaluation - DPME, 2020; Loureiro et al., 2022; Maritime Cluster, 2015; Operation Phakisa, 2014; Rautenbach et al. 2019). A map of South

Africa indicating the coastline and the two coastal cities that are the case studies for this study are indicated in Figure 3.1. The diverse coastal systems (cool-temperate, warm-temperate, and subtropical) are indicative of varied biodiversity and ecosystems that create unique CMT experiences and offerings at different locations. The NDT (2016) asserts that South Africa has the 3rd longest coastline on the African continent with untapped CMT potential to substantially contribute to South Africa's socio-economic development agendas.

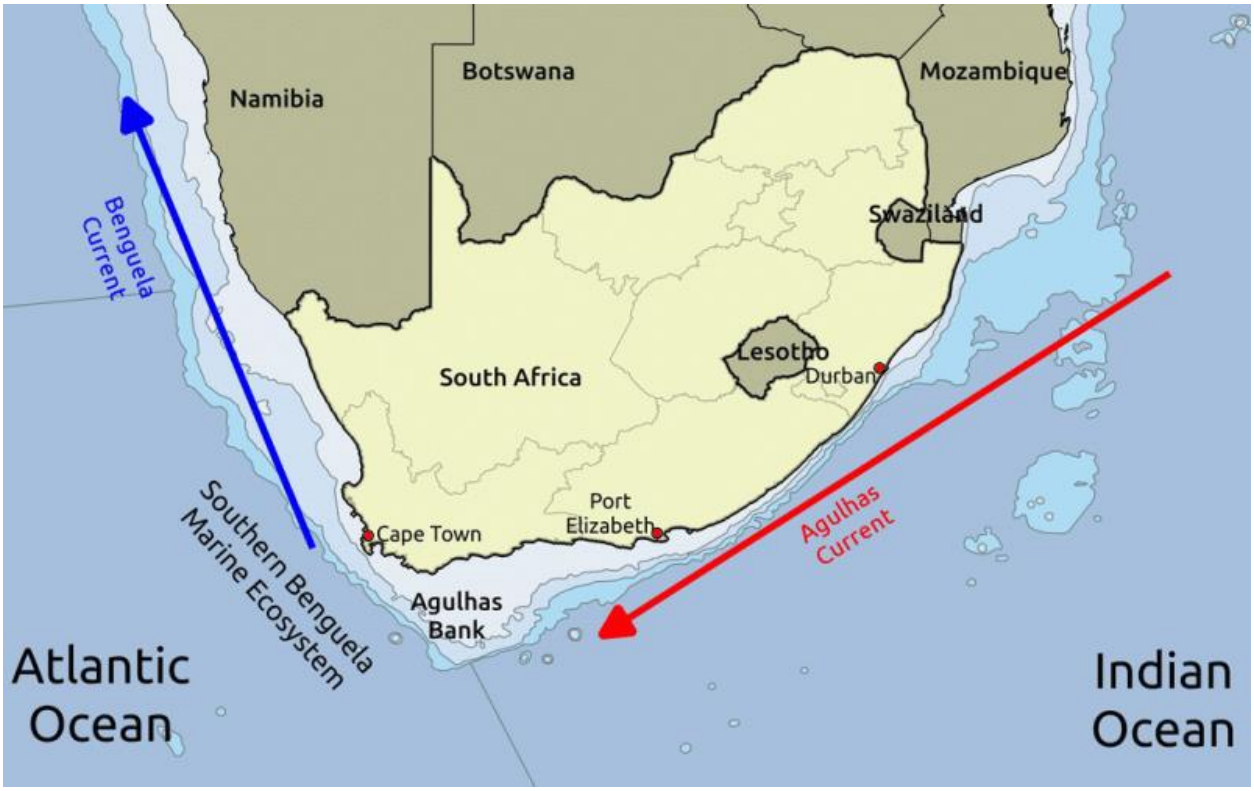


Figure 3.1: Map indicating South Africa's coastline (Martin, 2022: 3)

As indicated earlier, South Africa recognizes the importance of the ocean economy, having launched Operation Phakisa in 2014, which is aimed at unlocking the economic potential of South Africa's oceans to create jobs and increase contribution to the GDP, especially in the Eastern Cape, KwaZulu-Natal (where Durban is located) and the Western Cape (where Cape Town is located) as the main coastal provinces (Operation Phakisa, 2014). Odeku (2020: 1) asserts that the "Operation Phakisa initiative has the potential to strategically unlock underexplored ocean resources for purposes of creating sustainable economic growth, development, and alleviation of hunger and poverty". The two coastal cities that are the case studies are the economic hubs in KwaZulu-Natal

(Durban) and Western Cape (Cape Town). Additionally, Rogerson and Rogerson (2020b) assert that existing coastal tourism in South Africa is geographically concentrated in these two major coastal metropolitan areas making it an urban phenomenon in the country. Operation Phakisa (2014) estimates that South Africa's oceans could contribute around R129 to R177 billion annually towards the country's GDP by the year 2033. The Institute of Global Dialogue (2016) indicates in the South African context 250 000 jobs are directly linked to coastal and maritime activities, and that Operation Phakisa is intended to achieve a target of million jobs. Walker (2018) indicates that Operation Phakisa has six critical development sectors or areas: marine transport and manufacturing, oil and gas, aquaculture, marine protection and governance, small harbors development, and CMT. Operation Phakisa (2014) also recognizes that insufficient and uncoordinated CMT resources and effective strategies challenge unlocking the potential of South Africa's blue economy.

Rogerson et al. (2018: 8) underscore the diversity of the tourism sector, which does not fit standard industrial classifications stating:

> … rather it is a diffuse industry that comprises interacting segments such as transportation (international and domestic), accommodation, intermediaries (such as tour operators and travel agents), catering services, retail (such as souvenirs) and local attractions and activities. In addition, differing definitions are applied in countries for classifying 'tourists' (day visitors as opposed to overnight visitors).

This study considers this diversity in the selection of different types of SMMEs and key informants in relation to the primary data collection research design, which will be discussed later. Despite the growing recognition of CMT and its importance in the South African context, there is limited research that focuses on SMMEs in coastal cities, especially in relation to impacts and responses to the unprecedented COVID-19 pandemic as underscored in the introductory Chapter. The limited research is also globally evident with Asthana's (2022) examination of 25 years of small businesses in tourism and hospitality research not identifying studies in relation to beach, coastal and/ or marine contexts. CMT cities in South Africa are viewed as having high levels of demand for tourism and having the largest concentration of SMMEs. The next section focuses on SMMEs, particularly focusing on tourism SMMEs in South Africa.

This section has established the importance of CMT. The socio-economic impacts are associated with the CMT activities and SMMEs play a key role in this regard. Thus, the next section provides an overview of SMMEs, focusing on tourism enterprises.

3.3. SMMEs (with a specific focus on tourism businesses)

SMMEs are globally recognized as important drivers of economic growth and success (Du et al., 2023; John, 2023; Mugano, 2024; Muriithi, 2017; Zhou and Gumbo, 2021; Zhou et al., 2023), given their demonstrated contributions to sales generation, tax revenues, and job creation (OECD, 2017). Mugano (2024) states that SMMEs' contribution to employment creation, economic growth, and poverty reduction align with key elements of the SDGs. The World Trade Organization (2016) indicates that 95% of companies globally are small businesses, accounting for 35% of GDP in developing countries and approximately half in developed countries as well as 60% of total employment. It is also important to note, as highlighted by Trupp et al. (2024), that while many SMMEs may not be involved directly in the tourism sector, they often play an important role in supporting and promoting localized and sustainable tourism services and products. There is consensus that SMMEs play a critical role in job creation, economic development, and diversification (including contributing to the GDP and foreign exchange earnings), promoting innovation and entrepreneurship, and encouraging societal inclusivity (Asthana, 2022; Bolosha et al., 2022; Ekechi et al., 2024; Epede and Wang, 2022; Makwara, 2019; Matekenya and Moyo, 2022; Mishi et al., 2023; Nguyen et al., 2021).

Bakker (2019) states that while there does not seem to be a universally accepted definition of inclusive growth, the concept generally focuses on the link between economic growth, poverty, and inequality reduction. Mugano (2024) similarly notes that in many African countries SMMEs generate jobs and are involved in value addition that are channels for inclusion and poverty reduction. Trupp et al. (2024) state that tourism micro and small enterprises, in particular, provide unique socio-economic, socio-ethical, and ecological advantages. Ekechi et al. (2024) also assert that small and medium-sized enterprises in Africa drive economic development and foster job creation across the continent. Furthermore, Mugano (2024) states that experience in the OECD shows that downstream and upstream linkages across supply chains with larger companies can result in small and medium-sized enterprises, in particular, entering foreign markets. SMMEs'

ability to experience inclusive growth, adapt, and be resilient to recover from shocks and disruptions may be lower because of a lack of reserves and limited access to safety nets, which is a consideration of this research. Additionally, Du et al. (2023: 1540) indicate that in comparison to multi-national and large enterprises, small and medium-sized businesses "have fewer considerations of standards, fewer financial resources, fewer research and development sources, less organizational culture, and fewer uses of advanced manufacturing technologies".

South Africa's National Development Plan (NDP) (National Planning Commission - NPC, 2013) highlights the importance of tourism in establishing small businesses, creating jobs because of its labor intensity, alleviating poverty, and enabling a favorable balance of payments. Top Performing Companies (TOPCO, 2017) notes that SMMEs have the potential to attract international investors into the country, especially by using modern technologies such as the Internet to expand into e-commerce and overcome geographical restrictions. However, evidence of this happening in South Africa is limited. There is consensus that SMMEs are key to promoting innovation and entrepreneurship, job creation, and economic development (Acs et al., 2018; Bolosha et al., 2022; Canwat, 2024; Chetty and Govender, 2024; Desai, 2017; Gimmon and Zysberg, 2024; Gumede, 2022; Henrekson and Sanandaji, 2020; Maduku and Kaseeram, 2021; Matekenya and Moyo, 2022; Maziliauske, 2024; Sobaih et al., 2021; Van Scheers, 2016; Zhou and Gumbo, 2021). Innovation, Booyens et al. (2020) argue, is critical for the competitiveness of tourism businesses and destinations as well as enhancing environmental protection and social benefits in the context of promoting sustainable tourism. Chimucheka (2013) and Morongwa (2014) indicate that the possibility of employment opportunities increases when new SMME owners or existing ones grow to employ new members of staff. This, they assert, contributes to the reduction in the rate of unemployment and alleviates poverty, which is much needed in developing contexts such as South Africa, where SMMEs generally use local resources available within communities to offer goods and services that generate income. As noted by Chimucheka (2013), SMMEs are also well-positioned to assist the youth by providing those with limited or no skills with opportunities to engage in on-the-job training.

Chetty and Govender (2024) specifically state that small and medium-sized enterprises are essential to South Africa's economic growth path, with the sector being identified as the key

provider of employment with projections that by 2030, 90% of jobs in the country will be created through these enterprises. Chetty and Govender (2024) examine eight operational efficiency factors (the number of people employed, sales, revenues, gross profit, value of assets, number of customers, number of vendors, and number of suppliers) that small and medium-sized enterprises have control over, which could impact their growth. They analyzed quantitative survey data to establish operational efficiency, noting the positive relation with small and medium-sized enterprise growth. Chetty and Govender (2024) found that the eight growth measures combine to form a reliable composite variable that can be used to measure growth in small businesses, suggesting that businesses should focus on seven operational efficiency practices (supply chain management, human resource management, innovation, technology, marketing, quality and lean practice). They further assert that small and medium-sized enterprises that embrace innovation and technological practices are more likely to endure and grow, especially in a post-pandemic era, and subsequently create jobs. These aspects are important for businesses in the tourism sector to consider.

Botha et al. (2021) show that reports indicate the growth of the SMME sector in several countries (for example, Brazil, Ghana, Malaysia, India, United Kingdom, United States and Zimbabwe). In South Africa, the NPC (2013) underscores the importance of SMMEs in South Africa, stating that their growth is viewed as important to address persistent poor economic growth and high unemployment rates that the country continues to face. The Small Enterprise Development Agency (SEDA, 2016) indicates that in 2016 there were 2 251 821 SMMEs operating in South Africa, contributing 21% to Gross Value Added (GVA) and two-thirds (67%) being part of the informal sector. The prominence of informal businesses is the reason why micro-enterprises are included in this study. Suresh and Kumar (2023) refer to informal businesses as street entrepreneurship in India and highlight their importance at beach tourism destinations and their contribution to local economic development. They further note that informal trading creates opportunities for individuals from lower economic groups who are more vulnerable in society and are often unable to participate in the formal sector as a result of inadequate education, skills, and financial capability. The informal sector also tends to be more flexible, permitting business hours to be adjusted to be convenient (which is often the reason why women are involved in these activities), requires minimal initial investment, and is responsive to changing market demands (Suresh and

Kumar, 2023). Maduku and Kaseeram (2021) identify key success indicators among Black-owned informal SMMEs in South Africa, which include income, education status, employment growth, financial inclusion and funding, financial literacy, the center of operation, experience, and advertising budget.

According to TOPCO (2017), an attractive characteristic of SMMEs is that in relation to the costs associated with creating a job in the SMME sector, the average capital expenditure is generally lower when compared with the larger businesses resulting in economic growth being maintained at a lower cost which is important for potential investors and government. Additionally, the labor-absorptive characteristics of SMMEs, as noted earlier, are substantially higher than those of larger businesses and permit interaction and collaboration among all types of businesses via subcontracting by larger businesses, which grows the economy and production processes (TOPCO, 2017). This is also supported by Lewis et al. (2021), who argue that tourism is a labor-intensive industry that has the potential to generate increases in export earnings that are less volatile than commodity exports in other markets. TOPCO (2017) further indicates the importance of SMMEs in that these types of businesses generate more competitive markets and are often able to adapt to changes and shifting trends faster than large businesses. In relation to economic growth and development, Muriithi (2017) asserts that SMMEs trigger a chain reaction of job creation associated with new businesses continuously entering the market which generates employment, permits others to be employed, and encourages individuals to consider entrepreneurship.

Entrepreneurship, as indicated by Ramli et al. (2022), relates to establishing a business or businesses aimed at generating a profit that has an element of innovation and risk. In the tourism sector, Litheko and Potgieter (2020), Mirzayev (2024) and Sobaih et al. (2021) show the role played by SMMEs in entrepreneurship. Given the importance of SMMEs, there are considerable investments to prioritize and support the creation and development of these businesses (Bolosha et al., 2022; Booyens, 2011; Ekech et al., 2024; Majadibodu et al., 2023; Makwara, 2019; Ombi et al., 2018; Rasulova and Obidova, 2019; Rudenko et al., 2019). Additionally, Du et al. (2023) emphasize the increasing importance of sustainability (and specifically greening) considerations for small business growth and performance, noting that without additional external support (particularly government), it is unlikely that these businesses can implement green practices. This

is also the case in South Africa, as shown by Rambe and Mosweunyane (2017), who specifically indicate that efforts to advance innovation and entrepreneurship in the country prioritize SMMEs with government initiatives, including business incubators (mostly targeting the youth); business development services; training and mentoring support; and the provision of seed funding, grants and loans. The South African government has introduced a range of initiatives and interventions to support SMMEs in recognition of the importance of SMMEs (Department of Trade and Industry, 2008; Maye, 2014; Molope et al., 2024; National Credit Regulator, 2011; NPC, 2013). The Department of Small Business Development (2019), however, indicates that these initiatives often do not adequately cater to businesses of different sizes, generally focusing on larger SMMEs.

Makwara (2022: 16) asserts that despite there being a consensus that SMMEs operate on a small scale with few or no employees and are often located in local communities, they are difficult to define and that there "is yet to be a commonly agreed definition of a small business because of the ambiguities of how and what dimensions are appropriate for measuring business size". Additionally, Chukwuneme et al. (2023) state that SMMEs are defined differently in relation to local and national laws, which also results in variations in definitions globally. For the purposes of this research, the definition of SMMEs pertinent to the South African context and relevant to the accommodation, catering, and other trade sectors as defined by the Department of Small Business Development (2019) is used. The specific categories are:

- Small enterprise: viewed as separate and distinct business entities, together with their branches or subsidiaries, if applicable, including cooperative enterprises, that are managed by one owner or more predominantly carried on in any sector or sub-sector of the economy comprising of micro, small or medium enterprises
- Medium: enterprises/ establishments/ businesses that employ between 51 and 250 people with a maximum average annual turnover of R40 million
- Small: enterprises/ establishments/ businesses that employ between 11 and 50 people with a maximum average annual turnover of R15 million
- Micro: enterprises/ establishments/ businesses that employ up to 10 people with a maximum average annual turnover of R7.5 million

Rogerson (2005), close to two decades ago, categorized tourism businesses as being part of the travel and tourism industry and part of the travel and tourism economy (Figure 3.2). The travel and tourism industry is 'narrow' and relates to direct activities such as transport, accommodation, catering, entertainment, and recreation. There are broader activities that are part of the travel and tourism economy. Advances in understanding the tourism value chain reveal the broader and indirect impacts of tourism businesses/ activities. Rogerson's (2005) focus on indicating the 'tip of the economic iceberg' illustrates that if there is no demand or growth in the travel and tourism industry, then benefits to the travel and tourism economy will not be realized.

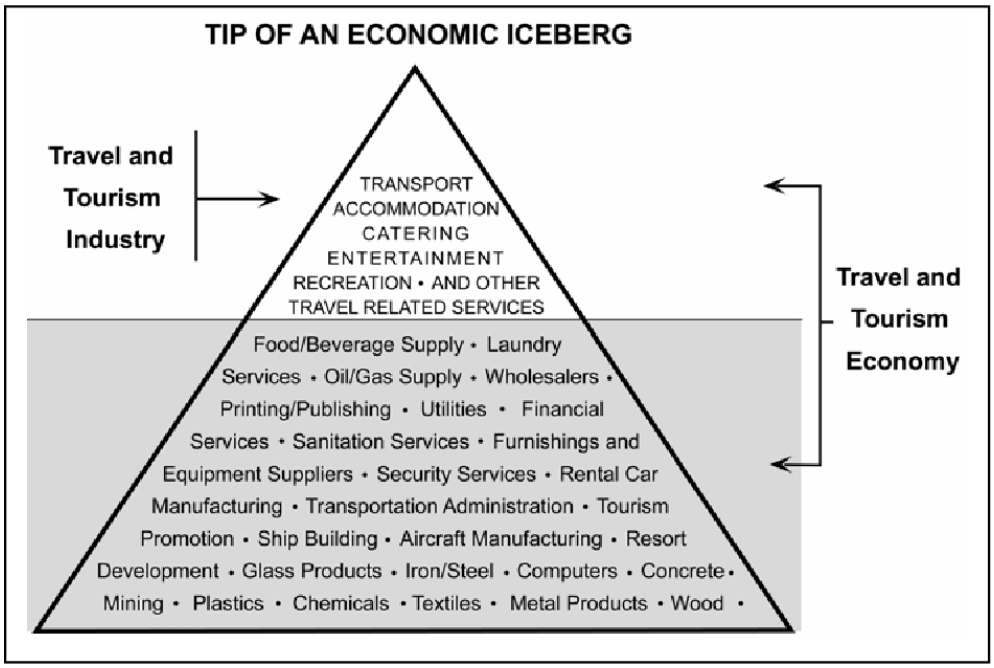


Figure 3.2: Two dimensions of tourism – travel and tourism industry and travel and tourism economy (Rogerson, 2005: 5)

Amoah et al. (2023) and Asthana (2022) state that research increasingly recognizes the important role of SMMEs in the tourism sector. The role of SMMEs in growing and supporting the tourism sector in sub-Saharan Africa, specifically in the South African context, has been documented in various studies (Adinolfi et al., 2018; Bizcommunity, 2012; Ekechi et al., 2024; Gumede, 2022; Letuka and Lebambo, 2022; Mokoena and Liambo, 2023; Rogerson, 2017; 2021). Patnaik and Isaacs (2024), on the other hand, demonstrate that tourism can be a catalyst for supporting sustainable SMME development. In developing economies, including South Africa, SMMEs are

well-positioned strategically across the entire tourism value chain to generate jobs and contribute to local economic development (Adinolfi et al., 2018; Bvuma and Marnewick, 2020; Jaafar et al., 2016; Kirsten and Rogerson, 2002; Sibanda, 2013). Adinolfi et al. (2018) indicate that through the tourism value chain, SMMEs provide goods and services to comparatively big producers. Furthermore, Jaafar et al. (2016) argue that SMMEs that are in different locations and are in several interrelated sectors influence the development of the tourism sector. Giampiccoli et al. (2020) specifically state that SMMEs' roles within the tourism sector are increasingly focused on in international scholarship. Batta (2016) and the NDT (2014) state that SMMEs are vital in the tourism sector because they create employment opportunities and are crucial to transforming local communities where tourism activities are prevalent, and positively impact the lives of the people who live in these areas. Hlengwa and Thusi (2018) indicate that SMMEs are crucial for tourism because they are generally located conveniently in the vicinity of where tourists want to go, thereby providing goods and services within tourist destinations. Similarly, Batta (2016) states that SMMEs provide tailor-made services and experiences within tourist locations.

Hlengwa and Thusi (2018) further assert that SMMEs within the tourism sector are significant creators of employment opportunities, but notably, these jobs traverse a diverse range and levels of skill sets from providing generic tourism services to providing personalized services that cater to different tourism demands. In South Africa, the SMME sector caters to a high number of low-income earners who resort to becoming entrepreneurs to gain access to economic opportunities and growth (Chimucheka, 2013). This benefit is particularly relevant in the South African context, where levels of youth unemployment are amongst the highest in the world (64.4% in the second quarter of 2021) (Statistics South Africa, 2021). The tourism sector, as noted earlier, is particularly a key contributor to GDPs in many countries, including South Africa. Amoah et al. (2023), Gumede (2022), Jaafar et al. (2016), Mtshali et al. (2017) and Trupp et al. (2024) underscore that SMMEs within the tourism sector play a crucial role in a country's GDP, poverty alleviation, wealth generation, destination development, competitiveness, and sustainable tourism; thus, expanding the economy. Furthermore, as shown by SEDA (2016), there is growth in the middle-income group with increased disposable income in South Africa which denotes increased purchasing power. This, SEDA (2016) argues, has placed demand on several sectors and infrastructure (including healthcare, energy provision, water supply, and other basic services, as

well as leisure sectors such as tourism), which represents several opportunities for SMMEs to respond to the demand by being service providers. For example, Rahman et al. (2024) and Shang et al. (2023a; 2023b) highlight the role of green finance and investments in renewable energy development in the tourism sector.

In the South African context, as asserted by the NDP (NPC, 2013: 138), economic transformation is critically important and entails broadening opportunities for all South Africans (specifically those from historically disadvantaged groups) by "raising employment, reducing poverty and inequality, and raising standards of living and education" as well as "broadening access to services, ownership and control of capital accumulation". Sixaba and Rogerson (2019; 2023) indicate that since the democratic transition in 1994 in South Africa, Black Economic Empowerment (BEE) strategies and initiatives aimed at redressing racial economic inequalities and imbalances have been key policy themes. Job creation is a critical component of this agenda and SMMEs are viewed as being central to achieving these laudable goals. The Quarterly Labor Force Survey of the 2nd quarter of 2023 by Statistics South Africa (2023b) revealed that unemployment was 32.6%. The rate was 60.7% among young people aged between 15-24 years and 39.8% among those aged between 25-34 years (Statistics South Africa, 2023b). Thus, unemployment remains a major socio-economic challenge despite it being a key focus of government policies and strategies, worsened by disruptions, including the COVID-19 pandemic.

In this context, an opportunity exists to examine whether tourism SMMEs can be supported to assist the government in alleviating unemployment and poverty while also achieving transformational targets (Abrahams, 2019). Letuka and Lebambo (2022) state that support was provided to create opportunities for black and marginalized entrepreneurs in post-apartheid South Africa to venture into tourism. Adinolfi et al. (2018) assert that SMMEs play an important role in the tourism value chain by offering opportunities to address transformation challenges within the tourism sector in South Africa. More generally, developing sustainable and transformational tourism contributes to transitioning towards circular economy value chains that embrace restorative and regenerative principles of production and consumption as opposed to the prevailing linear economy (take-make-dispose) approach (Manniche et al., 2021; Repáraz and Pérez, 2024; Xu et al., 2022). This type of broader transformation requires changes in the tourism sector that

respond to local community needs and national transformational imperatives, improved ability to embrace market demand and supply changes, integrate sustainability aspirations and imperatives, and embrace and adapt to technological/ digital advancements.

Belitski et al. (2022: 595) indicate that "the new 'Never-Meet-in-Person Era' will change industries, impacting large and small firms in certain industries, such as transport, hospitality, arts and entertainment, and personal services", with firms having the agility to be hybrid growing in prominence. Johann (2022) shows how the Touristik Union International (TUI) Group's (a German travel, tourism and leisure company that is one of the largest tourism businesses worldwide) strategic adaptability to the COVID-19 pandemic centered on digital and sustainability transformation. Gomes et al. (2024: 436) also indicate that the "technological and digital revolution has introduced important changes in the tourism industry" in relation to five interconnected dimensions: knowledge transfer in tourism, networking tourism innovation, sources of tourism innovation, smart tourism ecosystem and innovation research in tourism. The importance of innovation for sustainability in the context of tourism businesses is underscored by Maziliauske (2024).

In South Africa, transformation remains a critically important socio-economic and political agenda, with the country still having high levels of the previously disadvantaged populations being unemployed and/ or being unable to improve their livelihoods and participate in the economy (Abrahams, 2019; Sixaba, 2023; Sixaba and Rogerson, 2023). The SEDA (2016) asserts that the impact of SMMEs in promoting equity and economic participation of previously disadvantaged groups is important, as reflected by the emphasis that the government has placed on supporting SMMEs by providing resources and opportunities to assist aspiring and existing entrepreneurs within these targeted groups. This is particularly pertinent in the South African context where, as indicated by Gumede (2022: 31), travel and tourism SMMEs still reflect the three-tiered hierarchy of enterprises identified by Rogerson in 2005:

- Top level: an established elite group of enterprises responsible for, among other things, provisioning of major travel and tour agencies, transport, accommodation, culinary and recreation facilities

- Middle level: a group of established and predominantly white-owned enterprises that offer different services such as travel and tourism, accommodation, culinary, and game farming
- Bottom level: emerging Black-owned enterprises comprising few formal micro-enterprises and numerous informal enterprises

The recovery of tourism SMMEs is critically important to transition the tourism sector on a pathway to sustainable recovery, given the role of these businesses across the tourism value chain. Manniche et al. (2021: 249) argue that the concept of circularity to transform the tourism sector "is a powerful tool for tourism businesses, provided it is not simply exploited as an empty marketing and staging slogan but approached as a strategic, integrative tool for the organization's entire flows of natural and human resources". The COVID-19 pandemic disruptions have also highlighted the need for the tourism sector to prepare to deal with continued disruptions that require higher levels of agility and resilience. Moşteanu (2024: 445) asserts that organizations (including businesses) are "navigating through an environment where resilience is not just a desirable trait but a strategic imperative", where "resilient organizations possess the ability to adjust to change, recover from setbacks, and thrive in the face of challenge". Torres et al. (2019) investigate small business owners' responses to catastrophes and natural disasters through the lens of social capital and resource access. They indicate that resilient small businesses not only remain operating after a disaster but thrive in the face of disruptions. Belitski et al. (2022) note that resilience takes place over time and is associated with the recovery and responsiveness of individuals, businesses, institutions, and communities. Moşteanu (2024: 445) further states:

> Resilient organizations can effectively weather economic downturns, disruptions in supply chains, and unforeseen crises. Moreover, they are better prepared to profit from emerging openings and navigate the evolving socio-financial landscape. In an era where uncertainty is the new norm, organizational resilience becomes a key differentiator, ensuring sustainability and success in the face of an ever-changing and unpredictable environment.

In the South African context, several studies highlight the need to understand, support, promote, and unlock the untapped potential of tourism SMMEs (Cant and Wiid, 2020; Mokoena and Liambo, 2023; Rogerson, 2021; Sucheran, 2022). This includes developing adaptation and resilience capacity to enhance sustainability as well as encourage entrepreneurship and innovation within the tourism sector that supports SMMEs which are aspects that this study considers.

Rogerson and Rogerson (2020a) highlight that this has become important in South Africa, specifically in the context of the COVID-19 pandemic. Letuka and Lebambo (2022) caution, however, that tourism businesses, especially those owned by black and marginalized entrepreneurs, face several challenges that threaten their long-term survival, profitability, and growth including the transformation of the tourism industry; dissonance in entrepreneurship policy intentions and implementation approaches; infrastructural problems, and perceptions of specific tourism products, services and locations.

Trupp et al. (2024) undertake a systematic review of challenges facing micro and small enterprises in tourism destinations to promote resilience building and sustainable development. The main challenges that Trupp et al. (2024) identify are lack of funding, education and awareness, and training and skills. They further note that funding is the main cause that underpins the challenges experienced. Trupp et al. (2024: 16) also state that their findings underscore:

> …the need for a more holistic view in tackling these challenges, involving other stakeholders from the public sector, private sector and the local communities. Collaborative efforts among academics, policy-makers, and industry players are crucial in crafting policies and management strategies that promote the growth and resilience of micro and small enterprises in tourism destinations.

Trupp et al. (2024) also provide additional suggestions to improve support for micro and small enterprises that include:

- Alternative avenues of funding (such as a community revolving fund and peer-to-peer funding)
- Educational and training programs to enhance awareness and skills (such as the use of digital technology, technical and vocational training, on-site training, life-long learning, and upskilling)
- A customer-centric perspective that focuses on product and service innovation

Trupp et al. (2024) also advocate for recognizing and understanding diverse socio-cultural and economic environments and adopting a localized management, policy, and planning approach, underscoring the importance of context-sensitive strategies and research. This study, which undertakes a comparative analysis of two locality-specific case studies, aligns with this gap in knowledge identified by Trupp et al. (2024).

Chukwuneme et al. (2023), Rogerson (2008) and van Wyk and Venter (2023) assert that tourism SMMEs are not a homogeneous group of enterprises, with diversity in relation to functions/ types (the activities involved/ products and services offered), size (income/ turnover and expenditures as well as number of persons employed), market share, management practices and spatial distribution of business. Furthermore, Rogerson (2008) asserts that tourism businesses differ in terms of specific sub-sectors (such as business, nature-based, CMT, sport, events, and cultural tourism), types of tourists (such as accommodation use, domestic and international, length of stay, consumption patterns and reasons for travel) and business types (such as transport, tourism experiences/ activities, retail and restaurant). The BEE Ratings-SA (2021) notes differences as well, stating that the 2015 Amended Tourism Broad-based Black Economic Empowerment (B-BBEE) Sector Code categorizes three tourism sub-sectors: travel and related services, hospitality and related services, and accommodation. Botha et al. (2021) specifically indicate the importance of giving due consideration to issues of scale; for example, micro and very small businesses may need special attention to increase success rates and help them realize their potential to reduce unemployment rates and contribute to economic growth. Any recovery initiatives and support strategies aimed at empowering tourism SMMEs need to adequately consider size, type, diversity, characteristics, and challenges faced by these enterprises to ensure sustainability and respond to differences among tourism SMMEs.

Despite the prioritization of and support provided to the SMME sector in South Africa, these businesses continue to face several challenges. The SEDA (2016) specifically cautions that although the South African government has invested substantially in supporting SMMEs from historically disadvantaged and vulnerable groups by providing resources to assist entrepreneurs, these initiatives are characterized by high failure rates and, as the Department of Small Business Development (2019) asserts, these businesses do not always contribute to job creation and economic growth as expected. Aliamutu and Mkhize (2024), Bolosha et al. (2022), Majadibodu et al. (2023), Makwara (2022), Van Scheers (2016) and van Wyk and Venter (2023) assert that many small businesses are unsuccessful in South Africa. Zulu et al. (2023) indicate that SMMEs in South Africa, and those in the tourism sector are no exception, continue to experience within the first 5 years of operation a high failure rate of almost 70% to 80%, noting that this is despite policymakers

attempting to support local economic development (and SMMEs specifically) through various developmental models because of misalignment. Businesses in rural and township areas are specifically more vulnerable and face more challenges, as noted by Dube et al. (2023a), Giddy et al. (2022) and Rogerson et al. (2022). Maziliauske (2024) also asserts that small and medium-sized enterprises are the dominant types of businesses in rural areas. The South African Institute of Chartered Accountants (2017) argues that before supporting and investing in the growth of the tourism SMMEs in South Africa, stakeholders such as the government must be familiar with the numerous challenges that SMMEs.

Aliamutu and Mkhize (2024), Giddy et al. (2022), Numkoo et al. (2020), Parihar and Mishra (2023), Rambe and Mosweunyane (2017), van Wyk and Venter (2023) and Zondi (2017) identify numerous challenges that small businesses in South Africa face, including financial stability and sustainability, the ability to attract venture capital and funding, inadequate infrastructure and networks, market penetration and competitiveness, attracting and retaining employees, quality of skills and services, ineffective management practices and accessing business development support. Similarly, Ekechi et al. (2024), Mtshali et al. (2017) and Nyawo (2020) note that SMMEs, applicable to SMMEs in the tourism sector as well, confront several issues including financial constraints, skills shortage, shortage of opportunities to gain experience and training, poor management, limited or inappropriate government support. Numkoo et al. (2020) particularly highlight that managerial capability has a significant positive effect on the financial performance of small businesses. Bhorat et al. (2018) state that a lack of education and skills is an additional hindrance faced by SMMEs who employ staff. Ansara et al. (2019) state that the inability of SMMEs to access markets reduces the chances of leveraging funding/ investments, resources, and guidance, particularly during the early stages of business formation. Funding, Parihar and Mishra (2023) assert, is a central problem faced by small businesses to increase economic competitiveness and strengthen the attractiveness of investors.

There are geographical differences to consider in South Africa. For example, Agwa-Ejon and Mbohwa (2015) indicate that Gauteng and North West provinces provide more financial support to SMMEs compared to other provinces. These geographical differences create the conditions for aspiring entrepreneurs to have to consider relocating which is not always feasible, adds to the

burdens faced by burgeoning entrepreneurs, and reinforces geographical inequalities. Spatial differences are also noted in relation to urban, rural, and township areas (Dube et al., 2023a; Giddy et al., 2022; Rogerson et al., 2022). The SEDA (2016) identifies insufficient research and development as a challenge, arguing that there is insufficient information provided to assist in assessing whether ideas can be converted into actual businesses. Additionally, SEDA (2016) states that high crime rates are a key challenge in South Africa, affecting all sectors, with SMMEs having been forced to increase costs for security to protect their businesses, which impacts profit margins and negatively affects investment confidence. Furthermore, SEDA (2016) notes that South African SMMEs were found to be less innovative compared to those in developed countries.

Ekechi et al. (2024), Farisani (2022), Nieuwenhuizen (2019) and Zulu et al. (2023) state that the regulatory environment hinders small business growth, thereby underscoring the need to examine policy development and impacts in South Africa. The SEDA (2016) asserts that South African labor laws are obstacles to business development, for example, if SMME owners are unable to keep a portion of their workforce (experienced during the COVID-19 pandemic), the process of laying off or retrenching staff is difficult since labor laws do not accommodate for recurring downswings or disruptions that small businesses may experience. This, SEDA (2016) indicates, together with the quite high minimum wage, could be expensive, thereby restricting employment and economic growth among SMMEs. Chimucheka (2013) argues that inefficient and ineffective government policies and processes are challenges faced in relation to providing SMME support that could result in repeated efforts and hinder the development of a monitoring and evaluation framework to assess the success of SMME programs. Rungani's (2022) assessment of SMME support in South Africa reveals that interventions and programs do not cover all functional areas of businesses and generally do not meet SMME expectations since SMMEs are not involved in the conceptualization and development of support efforts. Rungani (2022) concludes that SMME support structures need to be reorganized and stakeholders across various sectors should be involved in creating a supportive business environment that enhances the utilization of support programs to enable SMME success.

Access to and the availability of finance and credit is the main challenge faced by SMMEs (Agwa-Ejon and Mbohwa, 2015; Bhorat et al., 2018; SEDA, 2016). Bhorat et al. (2018) state that South

African banks and lenders are generally hesitant to lend to start-up SMMEs, preferring to allocate funding to small businesses that are in their later stages of development and have already demonstrated some level of success. Financial challenges can be reduced by ensuring that policies and business plans support SMMEs to examine and show realistic information and projections for investors and employees (Outsourced Finance, 2019). Other attempts to manage financial challenges, according to Outsourced Finance (2019), include increasing productivity whilst decreasing expenses as well as seeking guidance from networks and peers in the business world. Mumangeni (2018) identifies the importance of improving management skills to deal with the challenges SMMEs face by having educational and skills development workshops to ensure that SMME owners and managers understand the business, planning, teamwork, communication, and administration skills needed to manage resources successfully. These align with the transformation imperatives discussed earlier and include aspirations outlined in the NDT's (2018) Transformation Strategy for the Tourism Sector and the Amended B-BBEE Sector Code which are ownership control, management control, skills development, enterprise and supplier development, and socio-economic development.

Adinolfi et al. (2018) argue that these challenges are more prevalent among black-owned tourism SMMEs that tend to have inadequate success. Additionally, the tourism sector is particularly associated with seasonal demand and variations and is impacted by a range of disruptions linked to extreme weather, economic recessions, health hazards, and terrorist activities. The unprecedented COVID-19 pandemic has specifically been associated with disruptions in scope, intensity, and scale not experienced previously. However, tourism is regarded as a highly resilient sector that will recover (Chowdhury et al., 2024; Mitchell, 2019; Mutimucuio and Meyer, 2011; Sobaih et al., 2021; Zhang et al., 2024). The issues are whether the recovery will be sustainable and position the sector to better cope with future disruptions as well as the pace and level of the extent to which tourism small businesses will recover. The vulnerabilities of many employees in the tourism sector, given the high levels of contract and part-time positions (Ioannides et al., 2021; Marfil-Cotilla et al., 2024; Muñoz-Bullón, 2012), also emerged during the COVID-19 pandemic (Rana et al., 2021). It is important to note that in the South African context, these employees are generally from previously disadvantaged groups who are already vulnerable to disruptions, which,

given extreme events associated with climate change and other forms of disruptions, the tourism sector will need to constantly deal with.

Given the vulnerabilities of SMMEs, research has highlighted the generally devastating impacts of the COVID-19 pandemic on SMMEs. Impacts on tourism SMMEs are discussed next. Selected studies that highlight the vulnerabilities and emerging resilience among SMMEs are examined prior to this discussion which shows the impacts generally on SMMEs. Several studies at the start of the pandemic predicted and documented the negative impacts of the pandemic on small businesses (Aladejebi, 2020; Bartik et al., 2020; Fairlie, 2020; Fairlie and Fossen, 2021; Liguori and Pittz, 2020).

Alekseev et al. (2023) looked at the effects of COVID-19 on small businesses in the United States of America, surveying owners, managers, and employees. Their results show that older, larger, and male-owned businesses were more likely to remain open during the early stages of the pandemic, with this trend persisting during the course of the pandemic. through the end of 2020. Additionally, Alekseev et al. (2023) found that among businesses that remained open, concerns about demand shocks were more prominent than about supply shocks. Furthermore, their findings reveal that almost a quarter of the firms reduced their prices, concentrated among businesses facing financial constraints and demand shocks, and almost none of the firms raised prices. Another key finding was that only a quarter of small businesses had access to formal sources of financing at the start of the pandemic, which affected how they responded to the pandemic. Increased household responsibilities were also found by Alekseev et al. (2023) to affect the ability of managers and employees to focus on their work and increased business responsibilities impacted their ability to take care of their household members, which were specifically of concern for women and parents of school-aged children.

Honan et al. (2023) examined the impacts of the COVID-19 pandemic on small businesses and workers in the United States as well, claiming to use both quantitative and qualitative methods. However, only 45 surveys were used in the beauty and auto shop sectors from Southern Arizona and the assertion that quantitative and qualitative methods were used was based on the inclusion of open and closed-ended questions. The findings do identify barriers to operating their businesses

safely during the pandemic, highlight worker concerns (including financial hardships and job insecurities/ uncertainties), and examine perceptions of how workplaces have changed. Fairlie et al. (2023) examined whether small businesses in California were more likely to close permanently during the pandemic. They found that the increase in closure rates in the first two quarters of the pandemic was substantially larger for small businesses than large businesses, but the rebound in the third quarter was also larger, underscoring the vulnerabilities of small businesses during an adverse shock. Several studies examine the types of external support provided, especially government-initiated, and the impacts of these (Assefa, 2023; Di Nola et al., 2023). The results show that generally, the financial assistance provided was limited and insufficient. However, it is important to note, as shown by Di Nola et al. (2023), that grants provided had particularly positive impacts on smaller businesses. Assefa (2023) assessed government-supporting schemes amid the COVID-19 lockdown restriction as part of the small business survival strategy in Ethiopia. Assefa's (2023) results reveal that among the main government-supporting schemes examined, the COVID-19-based special loan was the most important one, followed by the suspension of interest and principal payments with the withdrawal of restricted funds and exemption of tax payments not being significant.

The discussion on SMMEs, especially within the tourism sector, underscores their importance, their diversity as well as their vulnerabilities. The next section focuses on the impacts of the COVID-19 pandemic disruptions on SMMEs.

3.4. COVID-19 pandemic disruptions on tourism SMMEs

Bartik et al. (2020) note that small firms in hospitality, personal services, entertainment, retail, and the arts were generally most affected by the COVID-19 pandemic. Belitski et al. (2022) further assert that the pandemic restrictions affected the service sector, in particular, where physical proximity is generally important, which is dependent more on micro and small businesses than the manufacturing sector. As Gudkov (2024: 111) state:

> During the first and second waves of COVID-19, this could be observed from the demand-side - the need for security with a simultaneous need for isolation, the desire to explore nature, the need to avoid large groups of people, looking for places to rest closer to home than before, the growing importance of cars as a means of transportation, the tendency to book 'at the last minute' - so as not to lose money.

Changes in consumption and tourism patterns affected tourism businesses, especially SMMEs, which fall under the categories of businesses most affected. As noted in the introductory Chapter, the impacts of the COVID-19 pandemic on the tourism sector generally and on tourism SMMEs specifically are yet to be empirically examined in the South African context. At the start of the pandemic, the Department of Tourism, in collaboration with the Tourism Business Council of South Africa (TBCSA) and International Finance Corporation, conducted a survey between 11 - 16 April 2020 focusing on SMMEs to quantify the impact of COVID-19 on the tourism sector (NDT, 2020a). The results from this survey showed that on tourism, 83% of firms reported revenue declines of more than 50%, and 34% of firms reported that revenues were 100% less in March 2020, indicating severe drops in revenues that implied that businesses in the sector had little ability to absorb their variable and fixed costs. The survey further revealed that 58% of businesses in the tourism sector could not service their debts in March 2020, and 54% of the businesses were unable to cover their fixed costs. Additionally, more medium-sized businesses indicated that they cut wages to respond to the COVID-19 impacts, with the conservancy and Meetings, Incentives, Conferences and Exhibitions (MICE) sub-sectors mainly reducing wages. According to NDT (2020a), the survey also showed that a greater proportion of small businesses in the tourism sector experienced employee redundancies which was a finding similar to short-term employment that was evident in the Statistics South Africa General Business Impact Survey.

There have been several studies that draw on secondary data to predict and extrapolate the impacts of the COVID-19 pandemic on tourism SMMEs (Bruwer et al., 2020), however, a focused comparative study on the impacts of the COVID-19 pandemic as well as the measures and tools employed to lessen these effects is needed to add to the growing body of knowledge. This is the focus of the present study. The significance of assessing the COVID-19 pandemic impacts on tourism SMMEs to examine the effectiveness of strategies and responses as well as supportive interventions is acknowledged, given the unprecedented effects of the pandemic and the associated uncertainties across the tourism value chain that reflect the differences among tourism SMMEs in

terms of profiles, needs, preferences and capabilities as noted in the previous section. Additionally, the consideration of transformation imperatives in South Africa has also been highlighted in the previous section that focuses on impacts on persons from previously disadvantaged groups to look at aspects identified by Booyens et al. (2020), such as career progression, improved job security, and better working conditions. Harilal and Nyikana (2019) argue that South African policies have highlighted the need for the tourism sector to be transformed, especially focusing on the black ownership of tourism companies. They identified poor economic growth and limited political will were identified by Harilal and Nyikana (2019) as factors undermining South Africa's tourism industry to transform.

As indicated in the introductory Chapter, there is a growing body of literature that shows that the tourism sector has been severely disrupted by the COVID-19 pandemic (Aladejebi, 2020; Chukwuneme et al., 2023; Giddy et al., 2022; Hoque et al., 2020; Kumar and Ekka, 2024; Nhamo et al., 2020b; Rogerson and Rogerson, 2020a; 2020c; Sucheran, 2022; Tasnim et al., 2023; UNWTO, 2020a; WEF, 2020). Hoque et al. (2020) emphasize that the imposition of travel restrictions and social distancing measures worldwide and in most countries (including South Africa, which had stringent lockdown regulations) profoundly affected domestic and international tourism as well as the hosting of tourism events, many of which were cancelled or postponed. At the start of the pandemic, dire projections on the impacts of the pandemic were made. The UNWTO (2020c) projected a significant decline of 20-30% in international tourism arrivals due to the far-reaching impact of the COVID-19 pandemic. Supporting this, the WEF (2020) reports that approximately 12-14% of jobs (approximately 50 million positions) within the travel and tourism industry are at risk globally due to the pandemic's impacts. The OECD (2020a: 1) stated "that the potential shock could range between a 60-80% decline in the international tourism economy in 2020".

Research by Ipsos (2020) revealed that over half of the SMMEs surveyed in their study reported uncertainty in relation to the sustainability of their businesses because of the COVID-19 pandemic impacts. The World Bank Group's (2020) Tourism Industry Survey of South Africa found that most tourism businesses were devastated by the COVID-19 pandemic, with almost all enterprises surveyed being negatively affected. The majority of the enterprises surveyed also indicated that

they would consider reopening fully when there is a demand for their products and services. Kukanja et al. (2020: 348) further note vulnerabilities, stating that the burden of the impacts of the pandemic on SMMEs operating in the tourism sector are likely to be disproportionately higher because they "typically subsist on low-profit margins" and, therefore, any changes to their operations could result in severe impacts. Aladejebi's (2020) quantitative research (interviewing 342 small and medium-sized enterprises in Lagos, Nigeria) revealed that the respondents identified the main COVID-19 pandemic's impacts on their businesses as a reduction in revenue, reduced staff salaries, and the government not doing enough to curb the spread of the virus. Furthermore, the main problems faced by small and medium-sized enterprises were the inability to repay loans as well as pay salaries and rent with the main interventions identified being government support to lower interest rates as well as relax loan and tax repayments (Aladejebi, 2020).

Nyawo (2020) and Zeidy (2020) assert that the pandemic disruptions had negative impacts on both the supply and demand sides of SMMEs. This is aligned with Statistics South Africa's (2019) position that both supply and demand-side aspects need to be looked at to understand the socio-economic phenomenon of tourism. The consideration of demand-side aspects is important since the demand for tourism services and products (especially from the perspective of tourism SMMEs in relation to their experiences and perceptions) has a substantial and direct impact on the viability and sustainability of tourism SMMEs. The tourism sector is highly consumption-dependent and linked to several reasons, including visiting friends and relatives, vacation/ leisure/ relaxation, business, and other purposes, with access to discretionary/ disposable income and/ or organizational/ business support being central to enabling travel. Thus, immediate, medium-term, and long-term strategies to assist tourism SMMEs in recovering from the COVID-19 pandemic impacts (and other disruptions) need to constantly consider changes in travel demands and patterns to fully understand the implications for these businesses and assess their disposition and capabilities to respond to changes.

Nyawo (2020) and Zeidy (2020) indicate that the demand-side was affected by the COVID-19 pandemic mainly because of losses in demand and revenue, which, according to Zeidy (2020), affected the capability of SMMEs to function and resulted in acute liquidity deficiencies. Zeidy (2020) also reports that the COVID-19 pandemic resulted in widespread fear of infection,

increased uncertainty reductions, and losses in jobs and income, which in turn resulted in decreased consumption and spending, especially in sectors such as tourism where consumer confidence is paramount in decisions taken to travel. Activities are also changing, for example, there is an increase in virtual meetings and conferences that are likely to have long-term impacts on business and conferencing travel behavior. Furthermore, the importance of domestic tourism is gaining prominence since it improves the sustainability of tourism products and services, reduces the seasonality of demand, and is more resilient (Bama and Nyikana, 2021; Kabote et al., 2017; Llorca-Rodríguez et al., 2020). There are expectations that domestic tourism will be central to the recovery of the tourism industry and it has the potential to guide the sector post-pandemic (Chan, 2021; Dube et al., 2023a; Nyikana and Bama, 2023; Roelf, 2020; Smith, 2020; Woyo, 2021). Another phenomenon that is not technically tourism but supports the accommodation and hospitality sector is staycations (that is, staying at home or in an accommodation facility where one resides and visiting tourist sites/ destinations) which is also becoming more prevalent (Chesson, 2020).

In relation to the supply-side aspects, Nyawo (2020) and Zeidy (2020) note that the COVID-19 pandemic resulted in a decrease in the supply of labor because of employees getting sick (not only COVID-19 infections but a range of mental health issues associated with anxiety and loss of loved ones), having to work remotely because of COVID-19 regulations, taking care of family members, and concerns over being paid since some businesses were unable to pay workers and some also closed down. Kalogiannidis (2020) and Nyawo (2020) also indicate that shortages for certain goods were experienced by some businesses because of the severe disturbances and uncertainties in the supply chains, mostly linked to the strict travel and trade restrictions imposed. Moşteanu (2024) noted that lockdowns, changes in consumer behavior, and supply chain disruptions associated with the pandemic challenged traditional business models, leading to financial uncertainty and volatility.

Canwat (2024) assessed the supply chain disruptions caused by the lockdown and its effects on the performance of SMMEs (305 interviews were conducted with businesses) in Northern Uganda. Canwat (2024) further states that the extent to which supply chain disruptions impact the performance of businesses depends on the level of vulnerability and resilience, which is generally not well understood because of limited research in this area. The main supply chain disruptions

identified were associated with inadequate access to finance, unfavorable power dynamics, locational disadvantages (especially highlighting urban bias), and diversity in terms of business types, with smaller firms being more vulnerable (Canwat, 2024). Canwat (2024) further found that supply chain disruptions negatively affected the performance of SMMEs linked to reduced quality, quantity, and variety of goods stocked, the reliability of customers related to changes in consumption, reduced sales and income, and increased expenses. Canwat (2024) also noted that supply chain disruptions associated with the COVID-19 pandemic affected the performance of SMMEs differently, related to various business attributes, including the size, age, location, registration status, and products offered.

In the case of CMT, Dinarto et al. (2020) highlight that the vulnerability is notably higher, especially in economies that are heavily reliant on tourism-related activities in specific destinations. The UNWTO (2020b) indicates that the COVID-19 pandemic has initiated substantial, persistent, and continuously evolving challenges for the tourism sector, posing multifaceted and complex difficulties that planning for future recovery efforts must address. This study examines these challenges in relation to the contexts, perspectives, and experiences of tourism SMMEs in two CMT locations. The next section specifically looks at tourism business responses to the COVID-19 pandemic disruptions.

3.5. Tourism business responses to the COVID-19 pandemic disruptions

Despite the profound, devastating, and widespread disruptions in the tourism sector because of the COVID-19 pandemic, it is important to highlight that the sector possesses notable resiliency (Aydogan, 2024; Cheng and Zhang, 2020; Page and Connell, 2020; Roy et al., 2016). Specifically, Cheng and Zhang (2020) indicate the sector's ability to recover after natural disasters, while Page and Connell (2020) show the sector's ability to rebound (characterized by extensive and rapid growth in tourism) following major wars. Additionally, Aydogan (2024: 1432) states that "COVID-19, like many previous crises, proved once more that some hospitality and tourism organizations are more crises resilient than others". Furthermore, de Grosbois and Fennell (2022) assert that the COVID-19 pandemic specifically highlighted a need to build a more robust, sustainable, and resilient tourism sector. This resilience bodes well for the recovery of the sector and its ability to overcome adversity but underscores the need to explore the impacts of disruptions

to tourism, as this study does. This effort will not only improve understanding of the impacts from a research perspective but also provide stakeholders with information necessary to inform the development of effective response and longer-term recovery strategies to enable the sector to be better positioned to deal with future disruptions. Additionally, as noted by de Grosbois and Fennell (2022) and OECD (2020b), recovery efforts are opportunities to implement green strategies and policies that better balance social, economic, and environmental considerations pertinent to tourism.

Ilo et al. (2024) assessed more broadly Southern Africa's post-COVID-19 tourism industry recovery plans using publicly available policy and strategic documents because the adverse and widespread impacts of the COVID-19 pandemic on the tourism industry necessitated several responses from governments to support the industry's economic recovery and growth. Ilo et al.'s (2024) focus on Southern Africa was based on this region having tourism-sensitive and interconnected economies, with tourists traveling to multiple countries during their visits. They use the United Nations Educational, Scientific and Cultural Organization's (UNESCO) policy framework for the tourism industry COVID-19 pandemic mitigation, recovery, and stability to critically examine Southern Africa's level of government support for mitigating the impact of the pandemic and the tourism industry's recovery strategies. Ilo et al. (2024) found that there was generally a lack of regional policy direction from the Southern African Development Community (SADC), different levels of support among the region's member countries, and non-compliance to referenced benchmarks. They recommend collaborative tourism governance built on increased regional integration, the revision of the regional tourism program, and improved destination marketing and attractiveness of the region. Furthermore, Ilo et al. (2024) highlight that because the nature and impacts of the COVID-19 pandemic are different, strategies to address the impacts as well as recovery indicator frameworks to evaluate whether interventions are working need to change due to the uniqueness of the pandemic when compared to other types of tourism disruptors. Ilo et al. (2024: 352) state:

> Contrary to other tourism industry disasters, the global nature of the COVID-19 virus affected both the demand and supply sides of the tourism business, indicating commonalities among tourist destinations with reference to post-pandemic recovery, stability, and growth.

They advocate for the use of UNTWO's national recovery plans guidelines to evaluate Southern Africa's tourism industry recovery strategies because it provides a comprehensive framework of indicators that is conceptualized for the national level but has a global orientation and uniformity, the indicator framework was developed specifically to address the impacts of the COVID-19 pandemic on tourism, and it enables a comparative analysis of various government policy responses as a result of the uniformity. UNTWO's (2020c) national recovery plans and guidelines have three indicators and several indices linked to each of the indicators, as shown in the Table below.

Table 3.1: Indicators and indices in UNWTO's national recovery plans

Indicator	**Indices**
Managing the COVID-19 crisis and mitigating the impact	- Incentivize job retention, sustain the self-employed and protect the most vulnerable groups - Support companies' liquidity - Review taxes, charges, levies, and regulations impacting transport and tourism - Ensure consumer protection and confidence - Promote skills development, especially digital skills - Include tourism in national, regional, and global economic emergency packages - Create crisis management mechanisms and strategies
Providing stimulus and accelerating Recovery	- Provide financial stimulus for tourism investment and operations - Review taxes, charges and regulations impacting travel and tourism - Advance travel facilitation - Promote new jobs and skills development, particularly digital ones - Mainstream environmental sustainability in stimulus and recovery packages - Understand the market and act quickly to restore confidence and stimulate demand - Boost marketing, events, and meetings - Invest in partnerships - Mainstream tourism in national, regional, and international recovery programs and in development assistance
Preparing for tomorrow	- Diversify markets, products, and services - Invest in market intelligence systems and digital transformation - Reinforce tourism governance at all levels - Prepare for crisis, build resilience, and ensure tourism is part of national emergency mechanisms and systems - Invest in human capital and talent development - Place sustainable tourism firmly on the national agenda - Transition to the circular economy and embrace the SDGs

Ilo et al. (2024) utilized UNTWO's national recovery plans indicator framework to assess tourism industry recovery strategies in the SADC region. They found that while SADC acknowledged the substantial contributions of tourism to the regional economy, the intended responses are still in their formative stage. Furthermore, Ilo et al. (2024) noted that within SADC and in relation to UNWTO's mitigation, recovery, and stability recovery frameworks, there was an uneven distribution of responses to the pandemic across the Southern African countries, with most being geared towards mitigating the impacts on the tourism industry and the fewest being channeled to post-pandemic stability of the tourism industry in the region. Ilo et al. (2024) also found that Mauritius, Seychelles, South Africa and Zimbabwe provided the most responses in relation to the three distinctive themes (mitigation, discovery, and stability) in the UNWTO recovery framework.

There are recent studies that examine tourism SMME responses to the COVID-19 pandemic. For example, Mishi et al. (2023) look at experiences and coping strategies among differently-sized businesses in South Africa (conducting qualitative research that focuses on 19 companies), unpacking the importance of focusing on inherent characteristics and resilience capabilities, future preparedness, and well-informed policy development. While close to half of the 19 businesses were categorized in the tourism and hospitality sector (regarded as providing high-contact services that characterize tourism businesses as noted earlier), these were not disaggregated into specific tourism sub-sectors. Musavengane et al. (2023) focus on small to medium enterprises during and post-crisis in Zimbabwe, as an illustrative example of a distressed destination. This study also adopts a qualitative research design, interviewing 29 small to medium enterprises. Musavengane et al. (2023) identify key factors that limit resilience including social capital, political connections, lack of policy enforcement, and a messy currency system.

Gimmon and Zysberg's (2024) study tested a model of small business owners' adaptation during the COVID-19 pandemic, specifically examining the relationships between personal characteristics and strategic pivot behavior in a sample (202) of small business owners in Israel. Their study focused on the small business owner demographics, business profiles, personality traits, emotional intelligence and reported strategic changes implemented during the pandemic. Gimmon and Zysberg (2024) categorized these changes as positive (such as shifting to new

markets or attracting investors) or negative (such as retrenching staff). Their results partially support an association between positive strategic change behavior and personality traits that are mediated by emotional intelligence. Gimmon and Zysberg's (2024) highlight that emotional intelligence is likely to play a central role in enhancing flexibility and resiliency when dealing with a long-term crisis or disruption.

Research on SMMEs generally (and these are applicable to tourism SMMEs as well) shows that there have been rapid responses both by the businesses themselves and external stakeholders to attempt to deal with the COVID-19 pandemic disruptions from the beginning. For example, a study undertaken by Catalyst for Growth (C4G, 2020) found that established and new SMME business owners responded to the pandemic disruptions by temporarily changing their business models to sell Personal Protective Equipment (PPE) to generate income or by altering business activities so that they could qualify to be an essential service. The C4G (2020) also indicated that certain large businesses and SMMEs implemented remote working/ working from home to comply with restrictions but retain employee productivity. This proved to be cost-effective, however, not all businesses could transition to remote working conditions because of connectivity issues, and some businesses (especially in the tourism sector) are contact-based. Internationally, similar responses were evident with government and private sector support being provided as well. For example, the OECD (2020a) asserts that central banks came to the assistance of many SMMEs by easing monetary terms and conditions which allowed commercial banks, such as the European Central Bank and the United States Federal Reserve, to increase the amount of the loans provided to SMMEs. Liu et al. (2022) examined lines of credit provided to small and medium-sized enterprises during the pandemic in China. They indicate the supportive role of Chinese state-owned banks on small businesses' lines of credit by providing grants and subsidies, direct lending to small businesses, loan guarantees, and equity instruments.

Alonso et al.'s (2021) research on small and medium-sized tourism and hospitality firms, drawing on data from 56 business owners/ managers operating in eight different nations (from three geographical regions) revealed three different ways in which businesses coped with the COVID-19 pandemic:

- Self-reliant approach: including changes in revenue-generation, staff rotation, reduction in employment hours, and suspending/ postponing certain operations
- Vigilant dimension: businesses prepare for a new regime/ conditions and apply for government relief packages
- Inoperative dimension: businesses discontinued operations completely and/ or waited for new protocols

Canwat (2024) categorizes the business resilience strategies used by SMMEs into proactive (required prior to a disruption that includes planning for, anticipating, and preparing to deal with disruptions), concurrent (quick reactive responses to deal with immediate and first-response reaction to cope with disruptions) and reactive strategies (needed after a disruption to cope with changes in an attempt to resume normal activities). Canwat's (2024) study focussed on concurrent strategies that typified SMME responses during the COVID-19 pandemic in Northern Uganda that were influenced by four key factors: flexibility (linked to adaptability that increases supply chain resilience), agility (ability to change quickly and effectively change operations when disruptions are encountered), collaboration (working efficiently with other entities to deal with the disruption and includes information and resource sharing) and redundancy (refers to excess capacity). Several resilience strategies adopted by SMMEs during the pandemic are identified and include increasing the price of products, online operations and products, increased collaboration, and product diversification (Canwat, 2024).

The responsiveness and resiliency of organizations are also important to consider because they often provide support to SMMEs. Aydogan (2024) identifies the characteristics of crisis-resilient hospitality and tourism organizations by analyzing relationships between different organizational characteristics, impacts of the COVID-19 pandemic, and recovery strategies adopted. In terms of the methodological approach adopted, a global sample of 202 respondents, representing different sub-sectors of the hospitality and tourism industry, from 20 countries and four continents participated in the survey. Similarly, Chowdhury et al. (2024) examine resilience strategies (utilizing in-depth interviews) for sustainable tourism supply chain performance amidst 'extreme' disruptive events that affect the entire supply chain (such as the COVID-19 pandemic). Aydogan (2024) found that the major characteristics and strategies of crisis-resilient organizations were

loyal customers, domestic market base, service quality, branding, product and market diversification, hygiene and safety image, information and communication technology adoption, and the ability to restructure debts. As noted earlier, these are also important aspects for tourism businesses as well. Chowdhury et al. (2024) indicate that sustainable tourism performance during an extreme disruptive event depends on the collective effect of tourism resilience strategies and risks rather than individual effect, suggesting that managers should experiment with multiple causal conditions of risks and resilience strategies to ensure sustainable performance in the context of extreme disruptive events. Aydogan (2024) recommends that tourism organizations strengthen characteristics and implement strategies that build crisis-resilient hospitality and tourism organizations, arguing that understanding which organizational characteristics affect the vulnerability of hospitality and tourism organizations might inform risk and crisis management.

Kumar and Ekka (2024) undertake a statistical analysis of the impacts of the COVID-19 pandemic on the small and large-scale tourism sectors in developing countries. They collected information from tourism employees to assess people's future intentions and desires based on visitor arrivals for specific tourism destinations. Kumar and Ekka (2024) assert that forecasting tourist demand is a critical demand for effective tourism management. Their demand forecasting approach revealed that seasonality is one of the most distinctive and crucial characteristics of the global tourist business. Kumar and Ekka's (2024) comparison of the seasonal and non-seasonal effects of the tourist sector during the pandemic (specifically from 2020-2021). They recommend that governments must analyze the long-term consequences of the COVID-19 pandemic on the tourism sector, focus on restoring the tourism industry to rebuild stakeholders' and tourists' confidence, provide financial funding to recapitalize stakeholders (especially businesses and employees who lost their jobs) and supports business operations.

The OECD (2020a) also stated that many countries implemented methods such as making provisions for sick leave, reducing operating hours, and permitting temporary lay-offs within the SMME sector. Furthermore, private sector organizations and governments assisted SMMEs by making social security payments as well as having wage and income support targeting employees who had lost their jobs and businesses that needed assistance (such as the stimulus check in the United States and the COVID-19 relief grant in South Africa) (OECD, 2020a). Bhutta et al. (2020)

indicate that the largest program providing funds to small businesses in the United States was the Paycheck Protection Program, with an allocation of $650 billion during the early stages of the pandemic. In the United Kingdom, Yue and Cowling (2021) reveal that in the United Kingdom, the government implemented the Coronavirus Job Retention Scheme (referred to as the Furlough scheme) for waged workers, which covered 80% of employee salaries up to a maximum of £2 500 per month. Yue and Cowling (2021) indicate that more than 8.7 million jobs were furloughed at an estimated cost of approximately £60 billion. Belitski et al. (2022) cautioned that despite the deployment of administrative and monetary tools to mitigate the fall in demand and employment associated with the pandemic, they are unlikely to be sufficient and COVID-19 responses (which could be extended to other forms of disruptions) require top-down (government-driven) and bottom-up (private initiatives) approaches to assist businesses/ entrepreneurs. Belitski et al. (2022) further state that there are considerable differences globally in relation to the support provided to small businesses and financing policies, revealing that the United States of America, the European Union, the United Kingdom, China, and Russia had policies to support small businesses during the pandemic while in Brazil and India, little support was provided to small businesses.

It is important to note that in the South African context, prior to the COVID-19 pandemic, the tourism sector was displaying signs of stress (Musavengane and Leonard, 2022; Tan and Nguwi, 2023). Musavengane and Leonard (2022) argue that most Southern African destinations have been in a distressed position because of long-existing socio-economic and political challenges that are manifested in high levels of urbanization, social ills and inequalities, corruption, environmental injustices, and unbalanced development policies, which were exacerbated by the COVID-19 pandemic. Rogerson and Rogerson (2020a) asserted that a few weeks before the pandemic, tourism scholars in South Africa were engaged in discussions around flight diets to address the climate crisis, de-growth, and chronic over-tourism in the sector. They noted that the measures to restrict travel aimed at flattening the infection curve rapidly paralyzed the tourism sector with a shift to focus on non-tourism or under-tourism (with travel almost ceasing to a halt) that posed substantial threats to tourism livelihoods and the survival of tourism businesses.

Accordingly, as did many other countries, numerous relief measures to moderate the effects of the COVID-19 pandemic on businesses were introduced by the South African government. As

indicated by Chukwuneme et al. (2023), Pieters (2020) and Viljoen and Maphosho (2023), the South African government responded by helping SMMEs through the SMME Relief Finance Facility, specifically providing a 'soft-loan' for six months to businesses that were struggling due to the pandemic. Pieters (2020) noted that if businesses required further assistance after the six-month period, the relief grant could be extended. Furthermore, and of concern, was that it was unclear how the informal sector (micro-enterprises) and self-employed individuals would have received information about this finance facility and how they would have accessed this support. The NDT (nd) and Pieters (2020) further noted that because of the massive demand and inadequate funds available to provide financial support to businesses that needed assistance together with cumbersome and lengthy application and administrative processes, very few SMMEs were able to access the funding/ grant and among the few that did, the amounts were mostly inadequate.

There were other measures to assist SMMEs in dealing/ coping with the challenges brought about by the COVID-19 pandemic, including deferments of payments, tax relief, and grants to ensure that the tourism sector could survive the disruptions and avoid major job losses (Nyawo, 2020). For example, the United States allocated $10 billion for tourism and airport grants and the United Kingdom government assigned hospitality, retail, and leisure businesses with properties valued between £15 000 to £51 000 grant funding of £25 000 (Nhamo et al., 2020b). In the South African context, OECD (2020b), Republic of South Africa (2020), Viljoen and Maphosho (2023), Voyages Afriq Media (2020) and Zhou et al. (2023) note that the government initiated a R200 million Tourism Relief Fund to provide once-off limited grant assistance (R50 000 per business) to tourism-related SMMEs (specifically travel-related services, accommodation and hospitality) to assure their survival and sustainability during and post the pandemic. Masihleho (2020) stated that in addition to the R200 million, R30 million was also allocated to target specifically registered tour guides. Viljoen and Maphosho (2023) state that the Relief Fund for Tourist Guides targeted freelancers. The NDT (nd) indicated that the main purpose of the Tourism Relief Fund was to assist SMMEs in the tourism sector to alleviate the impacts of the COVID-19 pandemic to support sustainable and inclusive tourism development. This grant aided SMMEs in purchasing supplies, maintaining fixed and operational expenses, and supporting any other areas that required financing (NDT, nd; OECD, 2020b). Zhou et al.'s (2023) examination of government interventions to reduce

the COVID-19 impacts on SMMEs in South Africa revealed that tax relief was the most important intervention used to sustain SMMEs during the pandemic.

Equitable provincial spatial distribution was a key focus with the main categories targeted being travel and related services, accommodation establishments, and hospitality-related services and non-qualifying activities including franchised restaurants and those attached to tourism facilities; fast food and takeaway restaurants; bars, gambling, nightclubs and gaming venues; and establishments wholly or partially owned by the government (NDT, nd). The qualifying criteria included the following (NDT, nd: 1-2):

- Must have a valid tax clearance certificate
- Proof of valid registration with Companies and Intellectual Property Commission
- Must provide proof of Unemployment Insurance Fund (UIF) registration for employees employed by the business
- Proof of compliance with the minimum wage requirements
- Must be an Exempted Micro-Enterprise defined in terms of the Amended Tourism B-BBEE Sector Code, 2015
- Must be in existence for at least one business financial year
- Be an existing tourism-specific establishment as outlined in the scope of the application (suppliers and intermediaries are not eligible)
- Grading certificate or proof of application to be graded for accommodation establishments
- Must submit the latest statements of financial position, financial performance, and cash flows
- Must submit six months' bank statements
- Proof that the relief is required because of the impact of COVID-19

Consumer News and Business Channel (CNBC) Africa (2020) reported that preference would be given to enterprises with the highest score in relation to the criteria that served as a pre-qualification and, thereafter, a panel of experts conducted the final evaluation in terms of functionality. The criteria indicate a bias towards more established and formalized businesses. Thus, the grant was less likely to be accessed by the most vulnerable SMMEs that needed it the

most. Additionally, Viljoen and Maphosho (2023) indicate that some businesses did not receive funding due to the inadequate capitalization of the Tourism Relief Fund.

Other interventions and measures to assist SMMEs during the pandemic have been identified in the literature, in addition to national government funding. For example, support for training and upskilling programs was provided, especially using virtual/ online platforms to ensure compliance with restrictions and lockdown protocols. Additionally, support was provided to develop and market tourism products/ services online, if possible. These interventions are often dependent on reliable internet connectivity, which is inaccessible to many SMMEs in South Africa, and therefore, again, the most vulnerable are unlikely to benefit.

The increasingly large number of studies on SMME responses to the COVID-19 pandemic (Abhari et al., 2022; Belitski et al., 2022; Duro et al., 2021; Mishi et al., 2023; Musavengane et al., 2023) reveals that there are considerable differences among levels of vulnerabilities, capabilities, experiences and strategies adopted. They show that specifically, smaller businesses lacked agility and options to change business operations, limiting adaptive capacity, while larger businesses exhibited higher resilience that was associated with access to financial, physical, and infrastructural forms of capital. Additionally, the studies indicate that larger businesses were better positioned to access government sector relief programs, while smaller businesses relied generally on personal and family/ social support. Several coping strategies, noted earlier in the discussion, were also identified in these studies including staff changes, temporary or permanent closures, and moving to online business models. Belitski et al. (2022) cite research that reveals that female-owned small businesses and minorities were more likely to experience income and job losses compared to their male counterparts. It is important to note, however, that none of the research examined the impact of location-specific dynamics or adopted a comparative lens by focusing on CMT destinations in urban locations as this study does.

Sobaih et al. (2021) raise an important consideration that smaller businesses are likely to have higher abilities to adapt to changes despite these enterprises being characterized by limited financial resources and human resource management practices that are more informal, making tourism small businesses more vulnerable to the COVID-19 pandemic disruptions. Specifically,

the result of their study that examined COVID-19 responses among small hospitality enterprises in Egypt revealed that small restaurant owners exhibited higher levels of resilience than their larger hotel counterparts. This study also pays attention to making sure that assumptions that tourism SMMEs lack any capacity and resources to cope and adapt to changes do not frame the research.

The OECD (2020b) states that future entrepreneurs and SMMEs need to focus on improving and developing crisis management measures to increase levels of preparedness to deal with abrupt changes (as was the case of the COVID-19 pandemic) in the future. As situations evolve and disruptions are routinely experienced, there is evidence that countries are decentralizing resources to accelerate the recovery period after a crisis and, in the case of the tourism sector, several countries are also re-thinking which products, activities, and businesses should be prioritized (OECD, 2020b). The implication, as noted by the OECD (2020b), is that a new tourism industry is being created (constantly evolving and changing) to enable the sector to be more sustainable and resilient. Kreiner and Ram (2020) argue that for this to occur, policies (and strategies) would need to be implemented to resolve issues that the sector currently faces (even before the COVID-19 pandemic, as noted earlier) to avoid regressing to previous problems of tourism management or challenges remaining that will undermine future sustainability and resilience. They identify critical factors that the government and the private sector need to implement to support the evolution of the tourism sector, noted in this Chapter and the theoretical framework presented in the previous Chapter, including embracing new business models, using technology and the internet, and promoting connectivity.

The NDT (2020b) in the Tourism Sector Recovery Plan also forwarded recommendations for the tourism sector to deal with the COVID-19 pandemic but applicable to other disruptions to ensure future sustainability and resilience. These recommendations included the following:

- Businesses (including SMMEs) should take advantage of the packages provided by the government that are intended to protect tourism assets and core infrastructure and assist them in restarting operations.
- Create national norms and standards for safe tourism practices based on internationally recognized biosecurity procedures across the value chain which are important for safe travel and rebuilding traveler confidence. While not identified by the NDT (2020b), the

norms and standards could be extended to embrace broader issues of sustainability and resilience which this study includes.

- The importance of domestic tourism is emphasized in that further efforts were advocated to ignite local demand via the phased re-opening of the economy. This could apply to any crisis/ disruption. Broadcasting information and inspirational messaging that encourages safe tourism and domestic vacation experiences were identified for effective communication.
- The review of tourism policies and transformation procedures to enable the delivery of purpose-led, efficient, and effective support for the development, growth, and sustainability of the tourism sector.

Whiteman (2020) supports this approach, stating that SMMEs, generally and in the tourism sector specifically, would need to 'build back better' by leveraging government support and attracting investors to prioritize and meet the SDGs. Similarly, Whiteman (2020) notes that the COVID-19 pandemic has increased unemployment, creating the potential for the start of new enterprises and placing emphasis on young entrepreneurs. Viljoen and Maphosho (2023) indicate that central to the Tourism Sector Recovery Plan is cooperation between the government and the private sector to enable the sector to achieve long-term recovery. Furthermore, they assert that by exploring the impacts of COVID-19 on the tourism industry in South Africa, especially the government's mitigation measures to support the sector, valuable recommendations and insights can be provided to the sector stakeholders (including tourism businesses), policymakers, and researchers. These studies, they note, are important in the context of ongoing challenges that the tourism sector faces globally and the need for evidence-based solutions/ interventions to support its recovery (and future resilience).

When dealing with forms of disasters/ disruptions, response rates among businesses (both by those affected as well as organizations providing support) are likely to differ in relation to immediate and long-term recovery responses. The survival and protection of the business and its assets (including staff's physical health and keeping jobs) is the main focus while a crisis/ disruption is being experienced and immediately thereafter (Abhari et al., 2022; Assefa, 2023; Fairlie and Fossen, 2021; Kalogiannidis, 2020; Torres et al., 2023). Resources and interventions are prioritized

to focus on the survival of businesses, with the intention of government support, in particular, aimed at assisting the more vulnerable businesses, including those in the informal sector, which make up a large proportion of the tourism industry. The extent to which this intention can be translated into practice is of concern, as noted earlier, since regulations and procedures often limit the most vulnerable to benefit from direct financial support.

Prayag et al. (2024) examine dynamic capabilities and organizational resilience, focusing on tourism firms in Bangladesh, during periods of crises/ disasters, drawing from the COVID-19 pandemic responses and experiences. Their review of the literature identified different types of dynamic capabilities and resilience before, during, and after a crisis/ disaster (Prayag et al., 2024: 718-219):

- Before a crisis/ disaster
    - Replicating: internal exploitation of resources within the organization to prepare for potential disruptions such as a disaster management plan, safety kit, and informal/ formal operating procedure manuals
    - Integrating: the capability to recognize and explore new resources to integrate knowledge such as safety drill rehearsal, practice evacuation procedures, and scenario planning tools
- During and post-crisis/ disaster (short-term)
    - Reconfiguring: coordinating the accumulation of knowledge by combining, extending, and exploiting existing organizational knowledge so that they can respond to changes quicker and be flexible such as changing communication channels and advertising/ messaging content
    - Creating: reflects the internal exploration for new knowledge by firms through the use of existing resources and information such as modifying target markets, services, and products; diversifying offerings and embracing a culture of experimentation and innovation
    - Developing: generating new knowledge by combining the firm's own and partners' knowledge such as relationship-building activities within a sector and stronger linkages to government and wider communities

    - Assimilating: external exploration for the firm to understand, embrace, and institutionalize new knowledge (including useful resources available from external partners) by the firm such as collaborative market research and opportunities identification
- Post-disaster (long-term)
    - Adaptive: the organization's ability to strategically link and exploit existing resources to capitalize on new and changing opportunities and environments such as upgrading of infrastructure and assets as well as human resource development strategies
    - Renewing: organization's capabilities to rejuvenate and supplement the resource base or generate new capabilities such as continuous business reinvestment and resource augmentation
    - Regenerative: exploiting external resources without changing business culture and structure to benefit internal operations such as hiring new directors/ executives and forward planning
    - Innovative: enabling organizations to change their business structure, culture, and design to shift to more transformational organizational change such as new business collaborations, new ventures, and internationalization strategies

Mokabe's (2023) evaluation of the effectiveness of the COVID-19 recovery plans in Limpopo, South Africa, revealed that although recovery strategies existed, implementation was a key challenge that resulted in targeted beneficiaries, particularly tourism businesses, not benefiting. Additionally, Nzama (2023) found that most businesses within the iSimangaliso Wetland Park had a low adaptive capacity to deal with exogenous shocks such as the COVID-19 pandemic due to their sizes and character, and were generally struggling to recover. Recovery responses also shift to building longer-term resilience that requires re-skilling and training; building and maintaining infrastructure that supports businesses; providing business development/ entrepreneurial support that includes relooking at the types of products and services offered; and encouraging businesses to have safety nets/ resources available to deal with crises. Building longer-term resilience will not only aid in the recovery process after a disruption but will ensure diversification (so that businesses

do not rely on a single activity or market) and resiliency that will result in stronger tourism businesses that will benefit the sector as a whole.

Chihwai's (2024) analysis of COVID-19 pandemic tourism recovery strategies in South Africa highlighted the negative effects of COVID-19 on the tourism sector and the mitigation strategies employed. A qualitative research approach was adopted, undertaking a document review of reports and studies from sources such as Statistics South Africa, Tourism South Africa, the Department of Tourism, and hotel groups operating in South Africa. Chihwai (2024) suggests that more and better strategies and interventions could be used by tourism stakeholders to ensure the full and resilient recovery of the tourism industry, identifying key aspects such as responsive marketing strategies, digitization, confidence building, employing qualified personnel in leadership positions and the adoption of the SAFSERV model. The SAFSERV model was developed by Chihwai (2020) to assess tourists' satisfaction, which can be used to accurately and comprehensively measure the quality of tourism services.

As the economy generally and the tourism sector recover from the pandemic disruptions and given that disruptions will continue, there needs to be a transition to focus less on aiding SMMEs to build resilience since it is resilience that will enable SMMEs to cope with future disruptions that impact the tourism sector. Previously disadvantaged groups and tourism SMMEs will continue to bear a disproportionately higher burden of the impacts of global disruptions, including climate change and economic downturns. As Moşteanu (2024: 444) states, various forms of disruptions characterize the world today:

> Rapid changes in the political and socio-economic scene in recent years have brought to the fore the need for crisis and disaster management, which has become a key topic of concern for both practitioners and academics. Natural disasters, pandemic diseases, terrorist attacks, economic downturns, equipment failures, and human error can represent both potential unpredictability and serious threats to the continuity of an organization's operations.

SMMEs will need to respond to these disruptions. Thus, the interventions and support need to be targeted and, as noted earlier, not treat SMMEs as if they are homogenous or lack any agency to respond.

3.6. Conclusion

The above discussion highlights the importance of CMT generally and in the South African context specifically. Furthermore, the centrality of SMMEs to drive economic development, job creation, and poverty alleviation is underscored together with an emphasis on their significance in the tourism sector globally and in South Africa. The challenges experienced by SMMEs and their vulnerabilities are also discussed together with differences among these businesses. The COVID-19 pandemic's impacts on SMMEs, with a specific focus on tourism businesses, reveal the devastating consequences brought about by the travel restrictions and protocols imposed that stopped tourism activities. The continued impacts are noted, particularly given that crises and disruptions are recurrent features in the world. Thus, recovery strategies from the SMME level to government interventions need to consider issues of sustainability and resilience so that the sector is in a better position to deal with disruptions. It is also noted in the literature review that a range of business, government, and private sector responses were evident, denoting some level of agility and agency that need to be supported. The options/ strategies adopted differed globally, within the South African context and among the SMMEs, highlighting the need to examine responses that are most suitable for the divergent types of SMMEs and differences in terms of the impacts experienced. Furthermore, resource scarcity (especially in relation to government funding and support as well as flexibility among tourism SMMEs to cope with stressors) and the effectiveness of measures and interventions used to provide support to tourism SMMEs during the pandemic and currently in South Africa warrant a focus on best practices and having a range of options available.

The literature review also highlights the limited research that focuses on CMT SMMEs in pandemic studies. It also underscores that comparative studies are lacking and there are very few that adopt a mixed methods approach. This study addresses these gaps in current research by focusing on SMMEs in two CMT locations that provide the basis for undertaking a comparative analysis. The study also utilizes a mixed methods approach. The next Chapter provides the background to the two case studies and presents the methodological approach adopted.

CHAPTER FOUR
METHODOLOGY

4.1. Introduction

A research methodology is an important part of a research study linked to the theoretical/ conceptual framework used that, according to Chowdhury (2019), outlines how the investigation will be conducted as well as adherence to ethical protocols. The rigor of the research design increases validity and reliability, enhancing the conclusions and recommendations derived from the research (Adom et al., 2018; Chowdhury, 2019; Chukwuere, 2021; Saldanha, 2023; Sileyew, 2019; Tobi and Kampen, 2018). This Chapter outlines the data collection procedures or methodological approach adopted to collect the primary data used in this study. Firstly, the research questions are presented that align with the aim and objectives presented in Chapter One. This is followed by an overview of South Africa's coastline and CMT attractions, providing the background to the case study which is CMT in South Africa. The research design is thereafter discussed, including the data collection instrument used, sampling procedure, and data analysis approach adopted.

4.2. Research questions

As indicated in Chapter One, the overall aim of the study is to undertake a comparative socio-economic impact assessment of the COVID-19 pandemic on tourism SMMEs in coastal cities, focusing on the case studies of Cape Town and Durban, South Africa. Linked to the objectives presented in Chapter One, the following research questions guided the study:

- What were the profiles of tourism SMMEs in Cape Town and Durban in relation to business, financial, and employee attributes? How did these attributes influence impacts and responses to the COVID-19 pandemic?
- How had the COVID-19 pandemic affected tourism SMMEs in Cape Town and Durban? Which types of tourism SMMEs were most impacted and why?
- How had and are tourism SMMEs specifically (in Cape Town and Durban) and the tourism sector generally (in South Africa) responding to the disruptions caused by the COVID-19 pandemic? What were the demand and supply-side measures (including employee, business, and financial changes) adopted? How are they likely to respond as the pandemic

continues and when it is brought under control? Are the strategies and responses similar or different to responses identified in other research?

- Were there strategies and responses that tourism SMMEs in Cape Town and Durban would have liked to adopt but were unable to? What were the reasons for their inability to use and how do these relate to challenges experienced?
- What were the levels of awareness of the types of measures available to support tourism SMMEs in Cape Town and Durban? Which types of businesses accessed the support provided?
- What were the constraints, opportunities, and drivers that have framed public and private sector support measures for tourism SMMEs?
- What were the internal and external factors/ drivers (including government and private sector responses) influencing tourism SMME responses to the COVID-19 pandemic?
- What are the types of support that tourism SMMEs in Cape Town and Durban would like to have?
- What types of sustainable strategies and measures are likely to support the recovery of tourism SMMEs (especially at CMT destinations) to deal with the current pandemic? What needs to be done to improve resilience among tourism SMMEs in the future that pay attention to locational sensitivities at CMT destinations and improve capabilities to deal with future disruptions?

4.3. Description of the study areas

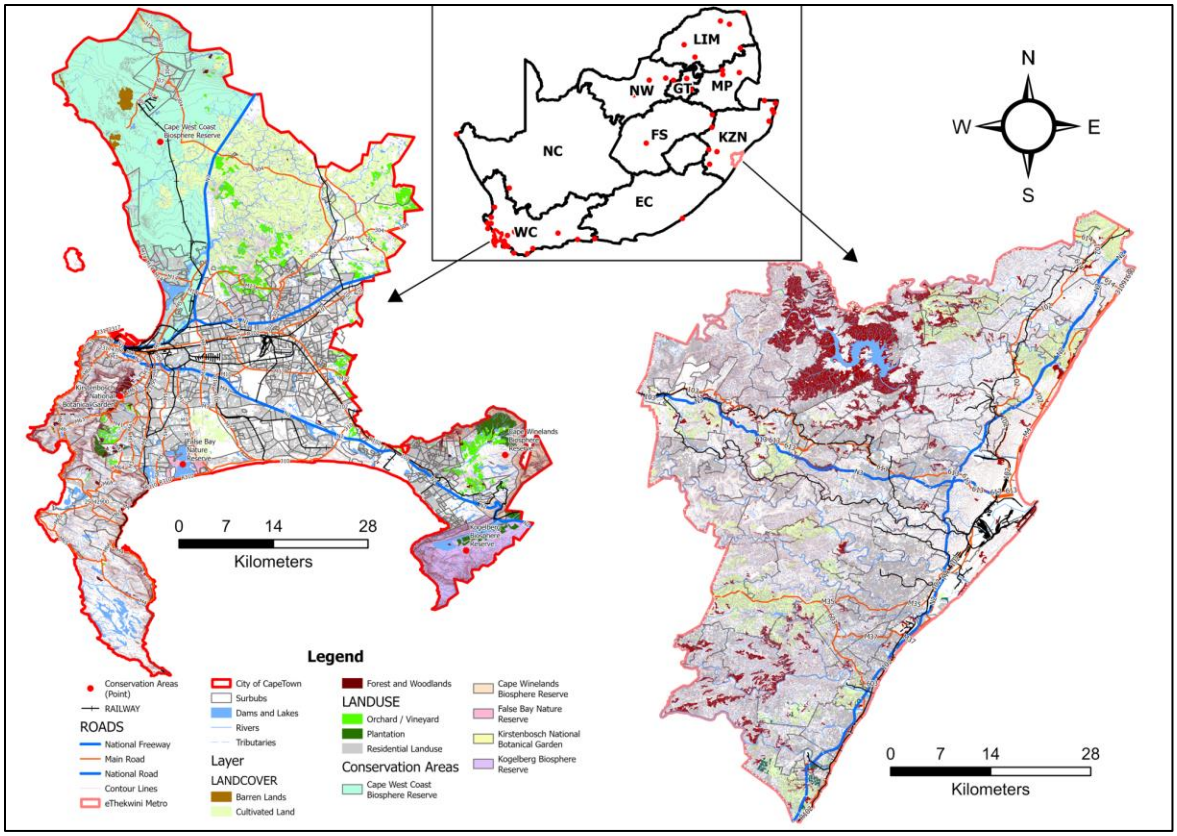
This study examines, using the comparative case study approach with Cape Town and Durban being two CMT locations in South Africa as the case studies, context-specific COVID-19 pandemic responses among and implications for SMMEs. This is a valuable contribution to knowledge in several fields, including CMT, SMMEs, and pandemic/ disruption impacts, given that generalizations need to be re-examined because although research is emerging worldwide, comparisons are limited and the existing studies do not permit comparative analysis since the purpose and methodological approaches used differ. As outlined earlier, the two CMT tourism destinations (Cape Town and Durban in South Africa), allow interesting comparisons to be undertaken about specific CMT sites.

As indicated in the previous Chapters, CMT is a major feature in South Africa's Operation Phakisa strategy intended to unlock and strengthen the economic potential of the oceans' economy in the country. Walker (2018) states that South Africa has Africa's third-longest coastline, with the Indian Ocean on the east (where Durban is located) and the Atlantic Ocean on the west (where Cape Town is located), with a unique maritime ecosystem. This coastline, as indicated by the DPME (2020) and noted earlier, is that South Africa's 2 798 km coastline covers the Mozambican border that is on the Indian Ocean to the Namibian border that is on the Atlantic coast. Similarly, Fitchett and Hoogendoorn (2018) state that the coastal climate in South Africa is influenced by the cold Atlantic Ocean Benguela Current on the west coast and the warm Indian Ocean Agulhas Current on the east coast. They also indicate that locational dynamics and variations in topography, latitude, and urban heat island effects along the coastline influence variations in climate as well as coastal and marine biodiversity. Griffiths et al. (2010), highlighting the coastal and marine biodiversity in South Africa, asserts the country has one of the most biodiverse coastlines globally with at least 12 914 recorded marine biota and 343 estuaries, with 292 being in KwaZulu-Natal. Furthermore, as indicated by the DPME (2020), South Africa's coastline includes 7 national parks and 23 marine protected areas.

The diversity of South Africa's CMT offerings is linked to the ecosystem and biodiversity, with the coastline spanning several inshore temperature regimes, including the cold waters of the west coast to the tropical waters of northern Kwazulu-Natal (Anderson et al., 2016; Department of Environmental Affairs, nd). Thus, the characteristics of the coastline influence the different types of CMT attractions and products associated with specific CMT destinations. Walker (2018) and van Wyk (2015) assert that South Africa's ocean economy is the country's 10th province, denoting the economic importance of its coastal and marine resources. The DPME (2020) notes that there are several tourism routes, events, and attractions along South Africa's coastline. Griffiths et al. (2010) indicate that recreational and leisure activities (including walking/ relaxing on the beach), swimming, fishing, and surfing are the main reasons for visiting the coast. Beach tourism is the main tourism activity in both cities, with Clifton Beaches, Camps Bay Beach, Boulders Beach and Muizenberg Beach being some of the main beach locations in Cape Town and North Beach, South Beach, uShaka Beach, Addington Beach and Umhlanga Rocks Beach being some of the main beach locations in Durban. The main activities at the beaches are swimming, sunbathing, surfing,

windsurfing, fishing, snorkeling, beach sports, and enjoying restaurants in the area. Most of the beaches also have promenades where people are regularly seen walking, jogging and cycling. There are some unique activities, for example, Boulders Beach in Cape Town has an African penguin colony, with penguin watching and swimming being the main activity. Another example is the uShaka Marine Beach, where the uShaka Marine World is located, which includes a shopping area and Africa's largest water theme park.

Of South Africa's nine provinces (Eastern Cape, Free State, Gauteng, Limpopo, Mpumalanga, North West, Northern Cape, KwaZulu-Natal and Western Cape), four are coastal (Eastern Cape, Northern Cape, KwaZulu-Natal and Western Cape) (Figure 4.1). Bob et al. (2018) assert that Northern Cape has very few CMT attractions being largely an arid province with limited accessibility to and infrastructure at coastal locations. The main CMT activities and destinations are in KwaZulu-Natal and Western Cape, having the main urban destinations (Cape Town and Durban, respectively) which are also the key coastal tourism locations as indicated by Rogerson and Rogerson (2020b). The land-use maps in Figure 4.1 indicate that both cities have multiple land uses. Cape Town and Durban have been purposively chosen as the case studies. Specifically, the online SMME surveys in Cape Town and Durban were extracted from the national NDT study conducted and complemented with face-to-face interviews in selected CMT locations (including beaches, protected areas, and waterfronts/ port locations) in the two cities; discussed in greater detail in the next section.



Key for provinces: EC – Eastern Cape, FS – Free State, GT – Gauteng, KZN – KwaZulu-Natal, LIM – Limpopo, MP – Mpumalanga, NC – Northern Cape, NW – North West, WC – Western Cape

Figure 4.1: Maps indicating the nine provinces in South Africa and land-use maps for Cape Town and Durban

Cape Town is regarded as South Africa's main international tourist destination and is located on the Western seaboard of South Africa along the Atlantic Ocean, with a temperate, Mediterranean climate. Cape Town is located in the Cape Town Metropolitan Municipality in the Western Cape with an estimated population in 2023 of 4 890 280, and is well-known globally for its beautiful harbor and is considered one of the best places in the world to visit, especially attracting expatriates and immigrants (World Population Review, 2023a). Cape Town is in close proximity to Robben Island (there are regular tours from Cape Town to the Island), which is an internationally declared UNESCO World Heritage Site. It is also home to the iconic Table Mountain. Other main tourist attractions in Cape Town that are associated with CMT are the Victoria and Alfred (V&A) Waterfront, beautiful beaches, and restaurants. Cape Town also hosts several CMT events such as

the Cape Town International Boat Show, Two Oceans Marathon, Cape Town Cycle Tour, and Cape Town International Jazz Festival.

Durban, viewed as South Africa's premier domestic tourist destination, is located on the Eastern seaboard of South Africa along the Indian Ocean, with a sub-tropical climate. Ngwenya and Zondi (2019) assert that Durban is a major economic player within the tourism, hospitality, and leisure value chain in South Africa and Africa more generally, having consecutively hosted Africa Tourism Indaba. Durban is located in eThekwini Municipality in KwaZulu-Natal province and has an estimated population in 2023 of 3 228 003 and is home to South Africa's largest and busiest port, and is a tourism hotspot linked to its beautiful beaches, sunny climate, and unique cultural and other attractions and experiences (World Population Review, 2023b). The warmer climate and waters are key reasons for KwaZulu-Natal (and Durban as the main tourism destination) being the most popular domestic tourism destination. Durban (and KwaZulu-Natal, more generally) also has the annual sardine run, which is the largest migration globally (Republic of South Africa, 2019). Durban also hosts several CMT events such as the Durban Beach Festival and Dolphin Mile Swim Series.

Both Cape Town and Durban are along coastlines that are well known for fishing and marine animal viewing (including dolphins and sharks in both cities and whales and seals specifically in Cape Town) (Republic of South Africa, 2019). They, as indicated by Griffiths et al. (2010), are key CMT activities. Griffiths et al. (2010) also indicate provincial differences, such as the KwaZulu-Natal coastline with larger pods of dolphins attracting both international and domestic tourists, while cage diving and boat-based viewing of great white sharks is more popular in the Western Cape.

Statistics South Africa (2023a) show that prior to the COVID-19 pandemic, tourism numbers nationally were consistently growing, with substantial drops in 2020 and 2021 as a result of the COVID-19 pandemic and a return of growth from 2022 but not as yet attaining pre-pandemic figures are indicative of trends in both Cape Town and Durban as well. Pre-pandemic statistics for Durban tourism indicate that in 2015, 7.4 million persons visited Durban and that 95 396 jobs were linked to the sector (eThekwini Municipality, 2015). As demonstrated, Durban and Cape Town

provide unique CMT case studies in the context of South Africa. In this regard, this study uses a multi-method approach, which is described in the subsequent sections.

4.4. Research design and ethical compliance

Dawadi et al. (2021) assert that a research study is guided by the research paradigm (philosophical understanding of the nature of reality) and epistemology (forms of human knowledge) adopted. The multi-conceptual theoretical framework presented in Chapter Two situates this study in relation to deepening the understanding of COVID-19 impacts on tourism SMMEs in specific contexts to enable a comparative analysis as well as provide insights to deal with persistent changes and disruptions. Thus, the case study approach is a key component of the research design together with the mixed methods approach that permits the triangulation of information from multiple sources. This study embraces pragmatism, which, according to Dawadi et al. (2021: 27), is a pluralistic orientation that uses multiple methods that are guided by the research questions and is motivated by the position that "mixing two methods might be superior to a single method as it is likely to provide rich insights into the research phenomena that cannot be fully understood by using only qualitative or quantitative methods". Coy (2019) states that research design is central since the methodological choices made need to be suitable to the phenomenon under study and the theoretical/ conceptual framework being used. Leedy and Ormrod (2010) indicate that clearly outlining how the research will be undertaken influences the quality and accuracy of the results as well as conclusions and recommendations derived from a study.

A case study approach (focusing on Cape Town and Durban as two CMT destinations in South Africa) frames the research. Case studies, according to Croes et al. (2023), Dawadi et al. (2021), Hyett et al. (2014), Orum et al. (2016), Rashid et al. (2019) and Welch et al. (2022), are popular among researchers to focus on context-specific dynamics that focus on a particular time, place, and topic that provide insights into specific phenomena. Orum et al. (2016: 2) argue that the case study approach represents "a significant methodological tool and strategy for the social scientist" that uses several data sources. Rashid et al. (2019: 5) underscore the importance of context in case study research:

> Case study research consists of a detailed investigation, often with empirical material collected over a period of time from a well-defined case to provide an analysis of the context and processes involved in the phenomenon. The phenomenon is not isolated from its context (as in positivist research) rather is of interest precisely because of its relation with the context.

The importance of context is further noted by Welch et al. (2022: 5), who argue that "it is not possible to explain adequately how and why phenomena in the social world occur without treating context as explanatory - not just descriptive - material". They particularly highlight the importance of case studies in business research. Furthermore, as Croes et al. (2023) indicate, the capabilities approach, which centralizes the importance of context-specific dynamics as well as a focus on choices/ agency that are influenced by disparities in terms of access, conversion factors, and outcomes, justifies adopting a case study research design. When using a mixed methods approach (which this study adopts), case studies can permit generalizations and an examination of trends as well as insights drawn from knowledgeable persons and/ or the literature.

The study adopts a mixed method approach to address the research questions that align with the multidisciplinary and multi-conceptual theoretical orientation of the study. Dawadi et al. (2021: 26) state that mixed methods research is a complementary research method to the traditional quantitative and qualitative research approaches:

> In a mixed methods research design, qualitative research approaches help understand the situation through indicative results by exploring through the tools like participant observation and interviews whereas quantitative approaches help derive objective findings by using the tools like a survey.

As asserted by Creswell and Creswell (2017), Harrison et al. (2017), Larrinaga (2017), Mertens (2023), Sovacool et al. (2018), Timans et al. (2019), and Welch et al. (2022), using a quantitative approach to assess trends and examine generalizations and including qualitative discussions that probe pertinent issues are both important when understanding the contexts and complexities of social experiences and phenomena. Timans et al. (2019) state that the mixed methods approach (also referred to as triangulation, combining methods, and multiple methods) has gained popularity for combining methods, particularly in the social and behavioral sciences. The use of a mixed methods approach (combining quantitative and qualitative methods), Creswell and Creswell

(2017) argue, improves research validity and reliability. Dawadi et al. (2021) assert that in a study that uses a mixed methods approach, the quantitative data provides the breadth while the qualitative data provides the depth of the research.

Askun and Cizel (2020) indicate that during the last decades, the popularity of mixing methods has increased, stating that a central component of undertaking mixed methods research (underpinning and informing the use of multiple forms of primary data collection techniques) is including systematic desktop research that integrates secondary sources. Thus, there are several reasons for using mixed methods approaches that include (Creswell and Creswell, 2017; Dawadi et al., 2021; Matović and Ovesni, 2023; Mertens, 2023; Sovacool et al., 2018; Taheri and Okumus, 2024; Timans et al., 2019; Welch et al., 2022):

- Addressing research limitations and/ or gaps that arise when only one method is used, specifically qualitative data may provide in-depth information and insights based on subjective experiences but do not permit generalizations, while quantitative data may permit statistical generalizability but do not provide insights and provide sufficient information to better understand issues and understand why specific trends are discernible. Thus, numbers and narratives are combined.
- Undertaking a comprehensive examination of a phenomenon to enable greater and deeper understanding, especially when complexities are evident that will benefit from triangulating data/ information from multiple sources.
- Increasing credibility, reliability, and validity by corroborating or contesting findings derived using different methods by data triangulation.
- The strengths of each method can complement the weaknesses of other methods. For example, qualitative data can explain qualitative trends and results, while qualitative insights can be validated by quantitative generalizations. In this manner, the research can be expanded.
- Given that social phenomena have multiple meanings and diverse perspectives (in the case of this study, the varied types of SMMEs and dissimilarities in relation to COVID-19 impacts and responses), using a mixed methods approach enables researchers to examine different dimensions, features, and issues relevant to a phenomenon.

Matović and Ovesni (2023: 52) caution that mixed methods are not merely about combining methods but are "characterized by complex coexistence that implies the establishment of a deeper and tighter interaction between them (quantitative and qualitative methods), rather than by the simple coexistence of the two different methodologies". They underscore the importance of integration in undertaking mixed methods research. This research sequentially combines a desktop study followed by a quantitative survey with SMMEs and, thereafter, qualitative key informant interviews.

4.4.1. Data collection instruments

As noted in Chapter One, the NDT funded UKZN to conduct research nationally on the impacts of the COVID-19 pandemic on tourism SMMEs, responses to the pandemic disruptions, and considerations to ensure sustainability and future resilience to cope with disruptions to support the survival and growth of tourism SMMEs during and post the COVID-19 pandemic. Data from the national study was used, and further research was undertaken for this study that focused on Cape Town and Durban only, permitting a locality-based comparative analysis compared to a national focus. A sequential approach (as presented in this sub-section) was adopted, starting with a desktop study.

4.4.1.1. Desktop study

The desktop study examined relevant literature, including academic publications (journal articles, books/ chapters in books, conference proceedings, etc.), policy reviews, and position papers (especially those focusing on interventions and measures implemented to deal with the pandemic impacts), relevant media articles as well as private and public sector research reports. The review was based on general searches on Google (to source general reports, policies, non-published articles, etc.) and academic literature searches using specific databases targeting peer-reviewed publications from 2010 onwards: Google Scholar, ScienceDirect, and EBSCOhost. The searches used relevant keywords linked to the themes and issues raised aligned with the research objectives and questions. A key component of the desktop study was the review of the literature (to understand existing knowledge pertaining to a phenomenon) that informed the preceding chapters. Additionally, a critical and systematic analysis of scholarly and non-scholarly sources (such as

technical reports and grey literature) using keyword searches was included to identify gaps in knowledge as well as guide in the formulation of practical recommendations.

The main intention of the desktop study was to identify and extract themes and results that inform the comparative analyses in relation to the primary data that was collected for this study, as well as provide a basis to contextualize and explain results. The desktop study was also used to expand on the theoretical framework that was used and identify best practices in South Africa and in other parts of the world. CMT globally and in South Africa was contextualized together with examining what constituted SMMEs, their importance, and the challenges faced. Drawing on national and international perspectives, how other countries supported tourism SMMEs to cope with the disruptions associated with the COVID-19 pandemic was identified. The focus was specifically on the types of strategies and interventions used by the SMMEs as well as government and private sector organizations/ stakeholders in South Africa and internationally. Additionally, the secondary sources reviewed assisted in developing the data collection tools, which are the quantitative SMME survey and key informant interview schedule. It is important to note that while the sequential approach was adopted, the literature review was constantly updated to include more recent and current research.

4.4.1.2. Quantitative survey

This study uses a quantitative survey targeting SMMEs as the primary data collection tool, which is the quantitative component of the mixed methods research design adopted. Orum et al. (2016) state that quantitative surveys are methods of collecting data from a large number of people who represent the population. Queirós et al. (2017: 370) state that quantitative methodologies involve scientific research processes of "performing systematic and intensive inquisitions, which aims to discover and interpret the facts that are inserted in a certain reality" to obtain reliable and accurate information that permits statistical analyses. Orum et al. (2016: 4) assert that "precision in the form of statistical procedures is emphasized". According to Coy (2019: 72), the quantitative enquiry is aimed at generating raw data scores by employing statistical analyses to identify numerically average experiences. In quantitative research, structured procedures and formal instruments are used to collect data systematically in relation to specific variables that limit misinterpretation and subjectivity and permit generalizations to be made (Coy, 2019; Leedy and Ormrod, 2010; Queirós

et al., 2017). Structured surveys, in particular, that was used in this study, according to Queirós et al. (2017: 381):

> … are a research technique that allows the collection of data directly from a person involved in the research through a set of questions organized in a certain order. It is one of the most used quantitative techniques, since it allows obtaining information about a given phenomenon, through the formulation of questions that reflect the opinions, perceptions and behaviors of a group of individuals.

In quantitative research, important aspects to consider are reliability and validity (generating comparable results in a similar context if the same methodology is used to collect the data), which is central to permitting generalizability, referring to the results being relevant to the larger population (Coy, 2019; Leedy and Ormrod, 2010). To ensure that reliability and validity are attained in this study, the survey instruments were developed to focus on variables relevant to the research questions as well as compile the questions so that they are well understood by the SMME population being targeted and do not have multiple meanings or can be interpreted in many ways. These aspects were specifically important given that online surveys, together with face-to-face interviews, were used to collect the data.

The surveys were also piloted prior to implementation. Piloting, according to Arain et al. (2011) and Simon and Goes (2013), is a trial run of the data collection process to prepare for the actual study. Piloting highlights aspects that need to be revised, including the framing of specific questions to limit misinterpretation and ensure that information on specific variables is the same so that statistical analyses can be conducted, that the sampling framework is appropriate and feasible, and that statistical analysis generates the responses relevant to address the research objectives/ questions. Arain et al. (2011) further indicate that piloting is particularly important when using self-reply or administered surveys, as this study adopts for the online component. In terms of the piloting, the survey was administered to ten purposively selected SMMEs in close proximity to Durban, specifically Amanzimtoti and Ballito (five each at both locations), which are also CMT locations. No issues emerged during the piloting phase. This was also because the survey was reviewed by an international academic prior to implementation as part of the larger NDT project. For the face-to-face component of the data collection, fieldworkers assisting with the data collection were trained to clarify questions if need be but not prompt or influence what the response

would be. Additionally, completed surveys were checked while the data was being completed. Face-to-face interviews also have a higher response rate to ensure that the target sample size is met.

The survey instrument (Appendix 1) covered the following thematic areas that align with the research objectives and questions:

- Profile of tourism SMMEs (type, location, size in relation to average income, number of full-time and temporary/ casual employees, job losses from 2019, and number of years operational and reasons if not operating fully).
- COVID-19 pandemic impacts the tourism SMME businesses in terms of status during different times, reasons for disruptions, types of disruptions experienced, perceived recovery period for the specific business and the tourism sector generally, and long-term changes to businesses.
- Strategies and responses used/ being used to cope with the disruptions in relation to employee changes, business adjustments, financial changes, and other changes derived from an open-ended question; and reasons for not adopting strategies that businesses would like to use but have not been able to adopt.
- Support and recovery in terms of knowledge and awareness of government support provided (including if qualify to receive support and if benefitted from support provided, who provided the support, type of support benefitted from and if the support was adequate/ helpful), reasons if no support was accessed, support that would be useful in the future for the businesses and tourism sector generally, and conditions to ensure business recovery.
- Additional comments (open-ended questions) were solicited in relation to the business and tourism generally.

The survey included primarily closed-ended and Likert scale questions with a few open-ended questions to probe reasons for specific responses for ease of completion and to permit statistical analysis to be done.

4.4.1.3. Key informant interviews

Key informant interviews are viewed as an important method used in qualitative research (Gould et al., 2023; Lokot, 2021; Taylor and Blake, 2015). Taylor and Blake (2015) view key informant interviews as data collection on a certain topic using experts (those who possess relevant and unique information and knowledge) with diverse perspectives from different positions by having comprehensive conversations on a specific topic guided by a set of specific questions. Lokot (2021) indicates that the focus on 'key' is to target persons who are knowledgeable about the phenomenon being studied and will add value to the research. Lokot (2021: 4) further states that "interviews with key informants are most often one-on-one, offering the key informant freedom and space to share their views, and perhaps even to expand the remit of the conversation beyond the researcher's intent". This results in a more participatory and flexible approach to undertaking research. Bergin et al. (2019) assert that soliciting perspectives and insights from key informants allows for multiple and alternative understandings because of the range of experiences and knowledge that these people have on a particular topic or subject. Cossham and Johanson (2019) indicate that key informant interviews enhance and augment the researcher's understanding of a particular topic and help decrease possible bias, although they are generally not the study participants or subjects; for example, in this study, the key informants were not tourism SMMEs which was the main target population for this study.

As indicated previously, the quantitative SMME business survey was complemented with key informant interviews, which involved purposively targeting key stakeholders, including government officials and non-governmental agencies/ organizations/ individuals involved in tourism and/ or small business development support. Gould et al. (2023) assert that criteria for the selection of the key informants and guidelines/ checklists of what will be covered increase credibility and validity in qualitative research. In this study, a key informant interview schedule (Appendix 2) was developed with guiding questions that focused on:

- COVID-19 pandemic impacts on tourism SMMEs in South Africa, with a focus on which types of tourism SMMEs were most affected and why
- External and internal drivers/ factors (including government responses to the COVID-19 pandemic and support provided) that impacted tourism SMME responses to the pandemic

- Tourism SMMEs' and the tourism sector's responses to the rapid changes and disruptions caused by the COVID-19 pandemic and disruptions more generally, reflecting on responses in other sectors in South Africa and internationally
- Effectiveness of the strategies and interventions used to support tourism SMMEs during the COVID-19 pandemic and lessons for the future
- Types of support needed by tourism SMMEs and who should provide the support
- Strategies that can be adopted to support tourism SMMEs that are no longer operating to become operational
- Positioning tourism SMMEs to be more agile and resilient to deal with future disruptions and be more sustainable
- Types of support that should be prioritized

During the key informant interviews, when the above aspects were discussed (which also reflected aspects covered in the survey discussed earlier), responses/ findings derived from the survey-based research and desktop study were also probed. Thus, aspects needing further clarification to examine reasons for the trends from the survey results were also discussed with the key informants, which is the reason for the sequential approach adopted, that is, the surveys undertaken first and, thereafter, the key informant interviews.

4.4.2. Ethical considerations

Ethical compliance was adhered to in this study. The research proposal detailing the design protocols and data collection tools was approved by UKZN's Human and Social Sciences Ethics Committee (Protocol Reference Number: HSSREC00003352/2021 - Appendix 3). Ethical approval was granted for the larger NDT study. This study used the same survey instrument and key informant interview schedule as those approved as part of the larger study. No persons under 18 years old were interviewed. All persons participating in the study were informed about the purpose of the research and assured of anonymity (no personal details were collected) and confidentiality. Participants were also informed that the results would be shared with the NDT and used for academic purposes. All respondents were informed that their participation in the study was voluntary and that they could withdraw/ choose not to continue at any time.

Surveys and invitations to the key informants/ included a cover letter from the NDT (Appendix 4) that included the details and purpose of the study, noting that this is a commissioned study. The contact details of the NDT and the Project Leader were also provided. A question was included at the start of the survey that asked the persons responding if they agreed to participate in the study after the informed consent information was provided. The online survey, in particular, was configured in a manner that if this question was answered in the negative, they could not continue with the survey. Therefore, online informed consent was followed. In terms of the key informant interviews, before questions were asked to frame the discussion/ engagement, the relevant stakeholders were informed of all ethical considerations, and consent was required to continue with the interview.

4.4.3. Sampling approach

Sampling entails selecting a sub-population from a targeted population from which data will be collected (Mertens, 2023). Queirós et al. (2017) indicate that in quantitative research, the focus is on numerical measurements and representation based on quantifiable measures of variables that permit inferences to be made from samples of a population (in this study, tourism SMMEs) with objectivity being foregrounded. Coy (2019) states that selecting a sufficiently large representative sample of a population permits statistical analyses to be undertaken to identify and categorize the relationships and effects associated with key aspects linked to the research objectives and questions. Leedy and Ormrod (2010) assert that quantitative inquiry assumes that a sufficiently large sample size allows for generalizing the results to the broader population.

Information and data on the number of SMMEs in different countries and locations are inconsistent since some businesses are unregistered and/ or informal, and different definitions apply. The Department of Small Business Development (2017) indicates that there are no comprehensive publicly available databases of SMMEs in South Africa. The SEDA (2019) shows that in 2019 (latest figures that could be sourced), there were 2.55 million SMMEs in South Africa that employed 10.8 million persons. The SEDA (2019) further noted that the majority of these SMMEs (1.7 million) were informal SMMEs. Furthermore, Statistics on SMMEs cannot generally be disaggregated to enable tourism-specific data and trends to be provided. This lack of validated and reliable data presented challenges to determining a sample size that is statistically significant and

represents the populations at CMT destinations of tourism SMMEs in Cape Town and Durban. Given this context, Teddlie and Tashakkori's (2009) approach was adopted to have at least a minimum sample of 387 to choose a sample from an unknown population. When the target population is 100 000 (which is considerably larger than the number of SMMEs in Cape Town and Durban beach tourism locations combined), this sample size (a minimum of 387) is also statistically significant (with a 95% confidence level and confidence interval of 5). Thus, the target sample size for this study was set for at least 200 surveys per case study, providing an overall total of 400. This enables statistical and trend as well as comparative analyses to be undertaken. As indicated in the introductory Chapter, the sample sizes achieved were 219 in Cape Town and 227 in Durban, giving a total of 446 surveys, as shown in Table 4.1 below. Slightly more tourism SMMEs were surveyed in Durban (50.9%) compared to Cape Town (49.1%).

Table 4.1: Sampling distribution by case study for SMME surveys

	Sample size	**Proportion of total (in %)**
Cape Town	219	49.1
Durban	227	50.9
Total	**446**	**100**

For the online surveys, various databases (including that of the NDT and tourism and SMME organizations) and internet searches on businesses located in CMT locations in Cape Town and Durban were used to identify tourism SMMEs to whom to send the survey link. Organizations, including the NDT, were also approached to place the survey invitation links on their websites and social media pages to increase overall participation in the survey. Furthermore, a form of snowball sampling approach was adopted, inviting SMMEs that responded to send the survey link to other tourism SMMEs in Cape Town and Durban based at CMT locations. Thus, attention was paid to ensuring that there was a spatial spread and that different types of tourism SMMEs participated in the study. It is important to note, however, that the use of online and snowball sampling as well as face-to-face interviews implies that a non-probability sampling approach was used, although targeted sample sizes were met. Including different types of SMMEs at different CMT locations in the two cities was intended to increase representation and inform the trends analyses undertaken. For the face-to-face interviews, CMT locations were purposively chosen in Durban and Cape Town. In Durban, the key locations were the main tourist beaches (for example, Marine Parade/

the Golden Mile, which includes South Beach and North Beach), Blue Lagoon, Umhlanga Rocks Beach and Amanzimtoti Beach), the uShaka Marine World and the Port Waterfront. The key locations in Cape Town were also the main tourist beaches (Camps Bay, Clifton Beach, Muizenberg Beach and Boulders Beach) and the V&A Waterfront that includes the Two Oceans aquarium.

In relation to the key informant interviews, a sample size of at least ten purposively chosen stakeholders from government and tourism as well as small business organizations was targeted adopting the purposive (identifying knowledgeable persons) and saturated (stopping when no new information is emerging since it can be assumed that the issues have been adequately covered in relation to the topic) sampling approaches. Individuals selected were those who were well informed about the topic, specifically COVID-19 impacts on tourism SMMEs, as well as the opportunities and constraints in terms of responses and enabling recovery and resilience. The knowledgeable individuals who were purposively targeted were from the following categories: agencies involved in providing support to small businesses and/ or tourism, government officials/ representatives from relevant tourism departments, business associations/ organizations, academics undertaking research on tourism, and organizations involved in tourism and/ or SMME training.

In total, 13 key informant interviews were completed, two at the national department level and one each as per the following:

- National hospitality industry trade association (Federated Hospitality Association of South Africa)
- National hospitality and tourism association (Hospitality and Tourism Board)
- National small business development agency (SEDA)
- Provincial tourism department (KwaZulu-Natal Province Economic Development Tourism and Environmental Affairs)
- Provincial tourism marketing agency (KwaZulu-Natal Tourism)
- Provincial convention and events bureau (Gauteng Conventions and Bureau)
- Provincial tourism and investment promotion agency (WESGRO - the Tourism, Trade and Investment Promotion Agency for the Western Cape)

- Consulting and enterprise development company
- Higher education network/ association that focuses on national and international tourism and entrepreneurship training and research projects (Technological Higher Education Network South Africa)
- Small business and entrepreneurship trainer
- Academic researcher focusing on tourism research

With the exception of the provincial convention and events bureau, the provincial key informants were based in either the Western Cape or KwaZulu-Natal, where the case studies were located. Furthermore, the trainer, consulting company and academic key informants were located in Durban. The rest of the key informants were based in national organizations. The names of the individuals are not disclosed to comply with research ethical requirements to ensure confidentiality and anonymity.

4.4.3. Data analysis

In terms of the overall research design, the approach to undertake the analysis given that a mixed methods approach was adopted included:

- Collecting quantitative and qualitative data (after piloting the SMME survey to increase reliability and validity)
- Evaluating the data/ quality checks (including checking surveys in the field as noted earlier and discarding incomplete or poorly completed online surveys)
- Cleaning quantitative data on SPSS to check for missing, incomplete, and inconsistent information (in terms of inconsistency this included, for example, respondents indicating that they did not receive government support but choosing types of government support)
- Generate themes and patterns linked to the research objectives and questions
- Presenting and discussing the results
- Interpreting the results and reflecting/ integrating the desktop literature, as well as examining the implications to inform the recommendations emanating from the research

The analysis is undertaken thematically in relation to the objectives of the study and the research questions formulated, integrating both quantitative and qualitative responses emanating from the

primary data collection. Additionally, aspects discussed in the literature review Chapters are included, where relevant, to assess whether the primary data results from this study support or differ from those of other research. Thus, an integrated approach was adopted in relation to the data analysis whereby both quantitative and qualitative responses/ findings, as well as the literature (which was part of the desktop study), are discussed thematically. Thus, quantitative and qualitative responses in relation to a specific theme/ aspect are discussed together and not separated.

The quantitative survey data was analyzed using the SPSS. Tables were used to generate descriptive results (frequencies and percentages) that present Cape Town, Durban, and Total responses. Queirós et al. (2017) note that the analysis of numerical data entails subjecting results to statistical procedures. In this study, survey data from both online and face-to-face interviews was inputted into SPSS and subjected to quantitative analysis by using both descriptive and inferential statistics. The percentages were rounded off to one decimal point and, therefore, in some instances, the totals do not add up to 100%. Additionally, responses exceeded 100% for multiple-response questions. Inferential statistics were also used to examine associations between different variables, especially to examine significant differences in the categories between the two case study locations and selected variables to strengthen the comparative analysis. Chi-Square tests are viewed as being suitable for this study since most of the data collected was categorical, and the sample size was large enough for comparisons. Chi-Square tests are important to examine categorical data to establish whether there are significant associations or relationships between variables. In this study, for example, valuable insights are examined by looking at how the profiles of the SMMEs in the two case study locations are associated with the COVID-19 impacts and how they responded to the pandemic. Specifically, selected variables were subjected to Chi-Square tests and *p* values were generated. *P* values of less than 0.05 denote that there is a statistically significant relationship/ finding among variables. Thus, statistical significance was established at the 95% confidence interval ($p \leq 0.05$). Highlighted *p* values in the presentation of the results (Tables) indicate a statistically significant relationship. In this study, Chi-Square tests were conducted to compare responses between the two case study sites since a key focus of this study was to undertake a comparative analysis to understand locality-specific dynamics and contexts. Furthermore, Chi-Square tests were conducted in relation to selected business profile variables and

responses to establish differences among SMMEs. In data entry for questions with multiple responses (such as COVID-19 impacts and responses), these were coded with a binary code (1 is yes and 2 is no). Thus, the data was captured in a manner that accommodates Chi-Square tests. For the key informant responses, specific themes/ key issues highlighted during the interviews were extracted together with relevant quotes. Together with the desktop study results, the quantitative (survey) and qualitative (key informant interviews) responses were systematically analyzed thematically (aligned to the objectives and research questions) using the constant comparative method (focusing on Cape Town and Durban).

4.5. Study (de)limitations

Price and Murnan (2004: 66) indicate the importance of delineating the limitations of research:

> A limitation of a study design or instrument is the systematic bias that the researcher did not or could not control and which could inappropriately affect the results. In contrast, a delimitation is a systematic bias intentionally introduced into the study design or instrument by the researcher. In other words, the researcher has control over a delimitation.

The concerns pertinent to this study were:

- The lack of existing data on SMMEs in South Africa, specifically tourism SMMEs, made it difficult to establish the number of tourism SMMEs at the selected case study locations. As indicated earlier, available information was used to estimate the number of tourism SMMEs, and a substantial overestimation of the number of tourism SMMEs at CMT locations in Cape Town and Durban was used to determine the minimum sample sizes as described earlier.
- When using online surveys, it is difficult to ensure representativity and data quality because who responds is generally out of the control of the researcher. To address this, online surveys were complemented with face-to-face interviews.
- Online surveys were self-completion surveys that relied on respondent recollection and understanding of questions, with fieldworkers being present to clarify issues if there is a misinterpretation of the question/s. All the data was meticulously checked, as noted earlier, and surveys that were incomplete or poorly completed were discarded. Additionally, as noted earlier, the survey was designed for each question to be simple and clear. The piloting

also contributed to ensuring ease of completion since this phase included self-completion surveys.

- Difficulties were experienced in relation to accessing stakeholders to undertake the key informant interviews and ensure that there was a sufficient spread in relation to the stakeholders targeted to ensure that different insights, experiences, and concerns were captured. The ability to complete 13 key informant interviews (more than the targeted 10) despite the challenges experienced (specifically that some persons contacted did not respond, chose not to participate or it was difficult to set up the interviews) is indicative of the efforts made to secure interviews.

A key issue when undertaking impact studies is the challenge of accessing the targeted population after an event/ activity. In this study, this specifically related to tourism SMMEs that may no longer be operational, that is, they closed or changed businesses because of the COVID-19 pandemic. While this concern was addressed by adopting the snowball sampling approach to invite respondents to invite other tourism SMMEs (including those that may no longer be operational) to participate in the research, it is most likely that this group is under-represented. The national hospitality industry trade association key informant stated that many small businesses, such as coffee shops and guest houses, lost not only their businesses but their homes as well because they could not cope with the debt incurred. Future research is recommended to specifically target tourism SMMEs that are no longer operational as a result of the COVID-19 pandemic.

4.6. Conclusion

This Chapter presented the research design, including the background to the case studies (CMT in South Africa and information on the two case studies: Cape Town and Durban) and the methodological approach (mixed methods) used in the study. The research questions that frame the research design adopted were also presented. The specific research methods were thereafter discussed sequentially, including the desktop study, quantitative SMME survey, and key informant interviews. The sampling framework and how the results were analyzed were also presented. The (de)limitations of the research and ethical considerations were also discussed. The next Chapter presents the data and undertakes the analysis.

CHAPTER FIVE
DATA DESCRIPTION AND ANALYSIS

5.1. Introduction

The previous Chapters have highlighted the importance of tourism in South Africa, with a specific focus on CMT and tourism SMMEs. The impacts of the COVID-19 pandemic on tourism SMMEs and responses evident in the literature have also been discussed to provide the context for the primary data analysis. This Chapter presents the relevant primary data collected, integrating the tourism SMME quantitative survey results and key informant interview responses as well as reflecting on the literature review undertaken in the previous Chapters. Chi-Square testing was used to examine significant differences in the categories between selected variables across the two locations (Cape Town and Durban) as well as selected variables in relation to key profile variables such as main type of tourism business, legal status of the business, number of persons permanently employed prior to COVID-19 and at the time of the interview, and the number of years the business was operational.

The research findings are presented thematically in relation to the following:

- Profile of SMMEs
- COVID-19 pandemic impacts
- Strategies and responses
- Support and recovery

5.2. Profile of SMMEs

Abhari et al. (2022), Belitski et al. (2022), Canwat (2024), Chukwuneme et al. (2023), Duro et al. (2021), Mishi et al. (2023), Musavengane et al. (2023), Rogerson (2008) and van Wyk and Venter (2023) highlight the importance of understanding the profiles of SMMEs, especially being sensitive to diversity and the capabilities and vulnerabilities often associated with these differences that denote the drivers and pressures that impact on tourism SMMEs. The profiles reflect stakeholder interests and concerns, linked to the stakeholder theory adopted informing this study.

Furthermore, Kurniawati et al. (2022), Mametja et al. (2023), Matekenya and Moyo (2022) and Mugano (2024) note that the profiles of SMMEs are key explanatory variables in relation to understanding impacts and responses (including the willingness and ability to embrace changes and being innovative as outlined in the tenets of diffusion theory). The profiles of tourism SMMEs in Cape Town and Durban also provide the necessary background and context to interpret the primary data results. For this study, the variables are the main type/s of tourism-related products or services provided by the business, type of business in terms of legal status, change in number of employees, and the number of years the business was operational.

Respondents were asked which parts of the tourism sector (or the tourism sub-sectors) the business operates in relation to the main products and services provided as well as other type/s of tourism-related products or services provided, noting that many tourism businesses engage in multiple activities (Adinolfi et al., 2018; Hlengwa and Thusi, 2018). Table 5.1 indicates that tourism SMMEs offer several products and services and are involved in a wide range of activities (15 in total identified as main activities: 14 in Cape Town and 13 in Durban). Furthermore, the diversity reflects the suitability of the methodological approach used for this research, which allowed for different types of tourism SMMEs to be included in the study. The main activities that the tourism SMMEs were involved in, with more than 10% of responses, were restaurants (35%: 39.7% in Cape Town and 30.4% in Durban), retail of goods targeting tourism (14.3%: 15.5% in Cape Town and 13.2% in Durban), and accommodation (14.1%: 9.6% in Cape Town and 18.5% in Durban). The main activities with 5% to 10% responses were cultural tourism (9%: 5.5% in Cape Town and 12.3% in Durban), transport provision (8.7%: 7.3% in Cape Town and 10.1% in Durban), and tourism activities/ experiences (such as safaris, horse riding, deep sea fishing, etc.) (6.1%: 5.5% in Cape Town and 6.6% in Durban). Other main types of businesses involved with fewer responses were tour operators (3.8%: 5.5% in Cape Town and 2.2% in Durban), tourism agencies (2.5%: 3.2% in Cape Town and 1.8% in Durban), and tour guiding (2.5%: 3.7% in Cape Town and 1.3% in Durban).

Two respondents in Cape Town and three respondents in Durban identified nature-based/ ecotourism (conservancies, reserves, coastal/ beach, etc.). Three respondents in Cape Town and two respondents in Durban identified sports tourism. One respondent each in Cape Town and

Durban stated MICE segment. Three respondents in Cape Town indicated events management, catering and logistics, while one stated the provision of cleaning and domestic services. Two respondents in Durban stated business tourism (excluding MICE). The diversity of the types of activities involved is also indicative of the multiplier effects of the tourism sector, such as impacting the transport and other service sectors, which extends its socio-economic reach and contributions.

Table 5.1: Main parts of the tourism sector the business is involved in (in %)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
Restaurant	39.7	30.4	35
Retail of goods targeting tourism	15.5	13.2	14.3
Accommodation	9.6	18.5	14.1
Cultural tourism	5.5	12.3	9
Transport	7.3	10.1	8.7
Tourism activities/ experiences (such as safaris, horse riding, deep sea fishing, etc.)	5.5	6.6	6.1
Tour operators	5.5	2.2	3.8
Tourism agency	3.2	1.8	2.5
Tour guiding	3.7	1.3	2.5
Nature-based/ ecotourism (conservancies, reserves, coastal/ beach, etc.)	0.9	1.3	1.1
Sport tourism	1.4	0.9	1.1
Events management, catering and logistics	1.4	-	0.7
MICE segment	0.5	0.4	0.4
Business tourism (excluding MICE)	-	0.9	0.4
Provision of cleaning and domestic services	0.5	-	0.2

Chi-Square testing revealed significant differences in the main parts of the tourism sector the businesses were involved in relation to tourism-related activities across the two locations (p=.009), with more tourism SMMEs in Cape Town involved in restaurants, retail of goods targeting tourism, tour operators, tourism agency and tour guiding activities while Durban had higher proportions of businesses involved in accommodation, cultural tourism, and transport activities. The prominence of accommodation and hospitality-related businesses (restaurants and retail) reflects assertions in the literature that these types of activities dominate small firms in the tourism sector (Bartik et al., 2020; Mishi et al., 2023; Sobaih et al., 2021).

More than a third of the tourism businesses interviewed (39.1%: 51.5% in Cape Town and 25.1% in Durban) engaged in other activities in addition to the main activities detailed in the Table above. Table 5.2 shows the other parts of the tourism sector that businesses were involved in with more than 5% of responses being restaurants (8.5%: 10% in Cape Town and 7% in Durban), retail of goods targeting tourism (7.6%: 10% in Cape Town and 5.3% in Durban), tour guiding (6.7%: 9.6% in Cape Town and 4% in Durban), cultural tourism (6.5%: 8.2% in Cape Town and 4.8% in Durban), transport provision (6.5%: 10% in Cape Town and 3.1% in Durban), business tourism (excluding MICE) (6.3%: 10% in Cape Town and 2.6% in Durban), tourism activities/ experiences (6.1%: 9.1% in Cape Town and 3.1% in Durban), and accommodation (5.2%: 7.8% in Cape Town and 2.6% in Durban). Other parts of the tourism sector that businesses were involved in with fewer responses were tour operators (4.3%: 4.1% in Cape Town and 4.4% in Durban), MICE segment (4.3%: 5% in Cape Town and 3,5% in Durban), tourism agency (2.2%: 2.3% in Cape Town and 2.2% in Durban), sports tourism (1.8%: 3.7% in Cape Town), and nature-based/ ecotourism (0.9%: one in Cape Town and three in Durban). One respondent in Cape Town provided an additional response, stating photography.

The prominence of hospitality-related tourism businesses is again evident at both sites. These trends are also reflected in the Chi-Square test results that reveal significant differences in the categories of the tourism businesses that were not involved in other parts of the tourism sector (response of none) across the two locations (p <.001), with substantially more tourism businesses in Durban indicating none compared to Cape Town. Distinguishing between primary and secondary business ventures is important because this could reflect a vulnerability to shocks, especially because those businesses that are involved in other activities may have alternatives to be more resilient to cope with the COVID-19 pandemic and other types of disruptions. It is important to note that close to half of the businesses in Cape Town (48.4%) and 74.9% in Durban did not indicate other activities, denoting that a higher proportion of businesses operating in Durban did not engage in other tourism-related activities.

Table 5.2: Other parts of the tourism sector the business is involved in (in %) (Multiple responses, yes responses only)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
None	48.4	74.9	61.9
Restaurant	10	7	8.5
Retail of goods targeting tourism	10	5.3	7.6
Tour guiding	9.6	4	6.7
Cultural tourism	8.2	4.8	6.5
Transport	10	3.1	6.5
Business tourism (excluding MICE)	10	2.6	6.3
Tourism activities/ experiences (such as safaris, horse riding, deep sea fishing, etc.)	9.1	3.1	6.1
Accommodation	7.8	2.6	5.2
Tour operators	4.1	4.4	4.3
MICE) segment	5	3.5	4.3
Tourism agency	2.3	2.2	2.2
Sport tourism	3.7	-	1.8
Nature-based/ ecotourism (conservancies, reserves, coastal/ beach, etc.)	0.5	1.4	0.9
Photography	0.5	-	0.2

Globally and in South Africa tourism SMMEs traverse several types of activities, often engaging in multiple activities. The multiple responses, diversity in tourism products/ services offered by the businesses, and differences in the two case studies are evident in the South African context (Anderson et al., 2016; Department of Environmental Affairs, nd; Rogerson et al., 2018; van Wyk and Venter, 2023), reflecting the diversity of the tourism landscape in the country. Thus, impacts on tourism SMMEs are likely to have widespread and varied implications that need to be considered. As indicated by Abhari et al. (2022), Chetty and Govender (2024), Enriquez-Acevedo et al. (2018), Rodella et al. (2019), Rogerson et al. (2018), Xavier et al. (2023) and Zielinski and Botero (2020) and reinforced by the key informants, notably the higher education network/ association and academic researcher key informants interviewed, tourism SMMEs associated with CMT (mainly accommodation establishments, restaurants, retailers and tour operators) also have indirect impacts on other sectors that provide products and services (such as financial services, food and beverages, and the transport sector) extending the tourism value chain. In the context of the COVID-19 pandemic, negative impacts, in particular, on SMMEs that were dominant, as shown in the literature review Chapter, are likely to have implications across the tourism value chain. As the academic researcher key informant stated, “given the number of and different types

of tourism businesses, supporting these businesses to recover from the pandemic and be sustainable in the future will have wide ranging impacts across the tourism value chain and because of multiplier effects, have positive benefits outside the tourism sector".

Some types of tourism SMMEs also was seen to have the potential to benefit from the pandemic impacts, for example, the provincial marketing organization key informant noted that the "accommodation sector could repurpose their establishments for accommodation for health workers and other workers who were critical in the fight of COVID-19". One of the academic researcher key informants, noted that accommodation establishments benefitted from the demand for staycations: "the increase in the popularity of staycations, while not conforming to the accepted definition of tourism, was critically important for the survival of accommodation establishments and the businesses that they procure products and services from", reflecting "pent-up demand to get out of homes and have leisure experiences". Chesson (2020) also denotes the importance of staycations in supporting the accommodation and hospitality sector.

Respondents indicated the legal status of the business (Table 5.3). The highest proportion of SMMEs (41.9%: 39.7% in Cape Town and 44.1% in Durban) were Proprietary Limited (PTY LTD) businesses. Close to a fifth of the businesses were Sole Proprietors (22%: 32% in Cape Town and 12.3% in Durban) and unregistered (operating informally) (20.4%: 14.6% in Cape Town and 26% in Durban). Closed Corporation (CC) (9.9%: 8.2% in Cape Town and 11.5% in Durban) businesses were also noted. Substantially fewer businesses were Section 21 (four in Cape Town and two in Durban), Non-Profit Organization (NPO) (one each in Cape Town and Durban), and Airbnb (private) (two in Durban). A few respondents indicated not sure (one each in Cape Town and Durban), did not respond (2.5%: 2.3% in Cape Town and 2.6% in Durban), or stated confidential (one in Cape Town and two in Durban). The responses again reveal the diversity among tourism SMMEs in South Africa and that the methodological approach adopted was appropriate to reflect different types of tourism SMMEs. The informal SMMEs reflect that these types of businesses are important in the South African context as noted by Gumede (2022) and SEDA (2016). Chi-Square testing revealed significant differences in the categories of the legal status of the businesses across the two locations ($p<.001$), with Cape Town having more formal and registered businesses compared to Durban which had more informal businesses. It is also

important to note that Durban had more informal businesses. These results may suggest that businesses in Durban may be more vulnerable to shocks in the tourism sector since there were higher levels of informality and limited diversity in the types of business activities.

Table 5.3: Legal status of businesses (in %)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
Not sure	0.5	0.4	0.4
Confidential	0.5	0.9	0.7
No response	2.3	2.6	2.5
PTY LTD	39.7	44.1	41.9
Sole Proprietor	32	12.3	22
Not registered (operating informally)	14.6	26	20.4
CC	8.2	11.5	9.9
Section 21	1.8	0.9	1.3
NPO	0.5	0.4	0.4
Airbnb (private)	-	0.9	0.4

Table 5.4 shows the provinces where the headquarters of the SMMEs were located. Unsurprisingly, almost all the tourism SMMEs were located in the province where the selected case study was located: 97.7% in Western Cape (the location of Cape Town) and 98.7% in KwaZulu-Natal (the location of Durban). Three respondents each in Cape Town and Durban stated Gauteng, the main economic hub in South Africa, and two respondents in Cape Town indicated the Eastern Cape. SMMEs tend to be located where products and services are provided (Batta, 2016; Ekechi et al., 2024; Hlengwa and Thusi, 2018; Makwara, 2022), which is evident in this study. One of the national department key informants noted the importance of examining provincial (and local) dynamics and contexts where SMMEs are located because of tourism's contributions to GDP in these provinces and that interventions (even when nationally initiated) rely on provincial and local implementation and support.

Table 5.4: Provincial location of business/ organization headquarters (in %)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
KwaZulu-Natal	-	98.7	50.2
Western Cape	97.7	-	48.0
Gauteng	1.4	1.3	1.3
Eastern Cape	0.9	-	0.4

Figure 5.1 indicates the type of area (urban/ town, rural or township) where the tourism businesses were located. This is important to consider in the South African context and in relation to CMT since locational factors influence the opportunities, impacts, and vulnerabilities experienced by tourism SMMEs, noting especially the urban bias and disadvantages of rural and township tourism generally (Dube et al., 2023a; Giddy et al., 2022; Maziliauske, 2024; Rogerson et al., 2022). The consulting and enterprise development company key informant stated that "the urban SMMEs were able to take the knock (referring to the COVID-19 pandemic) although their sales decreased and they lost staff, a lot of them were smart enough to survive, innovate and generate income and also pursue other opportunities such as supplying masks and PPE". Furthermore, the provincial marketing organization key informant stated that "due to the size of the business and existing challenges pre-COVID, SMME businesses largely operating in the rural or township environments were hardest hit as they did not have reserves to meet their financial obligations (debt) let alone overheads". Similar sentiments were expressed by the provincial tourism department key informant who stated that the effects of the pandemic "were notably more severe in rural and township areas as compared to urban areas as when the restrictions lessened the urban areas were able to recover a bit", further indicating that "without empirical evidence, generic observation reflect lesser impact in urban areas, moderate in townships and devastating in rural areas". The higher education network/ association key informant also shared comparable responses: "rural tourism came to a complete standstill as this is mainly supported by international visitors who visit cultural sites, heritage sites, etc.". The provincial convention and events bureau key informant argued that the challenges that rural areas face in relation to tourism is linked to "infrastructure facilities in these different settlement areas" and "urban areas were able to access certain types of tourism markets during the pandemic while the rural areas had none". One of the national department key informants did indicate that, in some instances, rural areas benefitted from the pandemic since some tourists preferred to travel to these areas because of concerns related to infections in urban areas.

Most tourism SMMEs interviewed in this study were in urban areas (91.5%: 88.6% in Cape Town and 94.5% in Durban), which is unsurprising given that the targeted areas were CMT locations which are generally in the urban parts in both Cape Town and Durban. Among the rest, more SMMEs were in townships (5.8%: 9.1% in Cape Town and 2.6% in Durban) followed by rural

areas (2.7%: 2.3% in Cape Town and 3.1% in Durban). Urban dominance of tourism SMMEs is prevalent, reflecting the focus on two coastal cities but also the status quo in South Africa as indicated by Grimett (2022) and Rogerson and Rogerson (2020b) that CMT in the country is most developed in urban coastal areas and is an urban phenomenon. Furthermore, Dube et al. (2023a), Giddy et al. (2022) and Rogerson et al. (2022) assert that businesses in rural and township areas are specifically more vulnerable and face more challenges. Chi-Square testing revealed significant differences in the categories of the type of area the businesses were located in across the two case studies (p=.013), with more SMMEs being located in townships in Cape Town than in Durban.

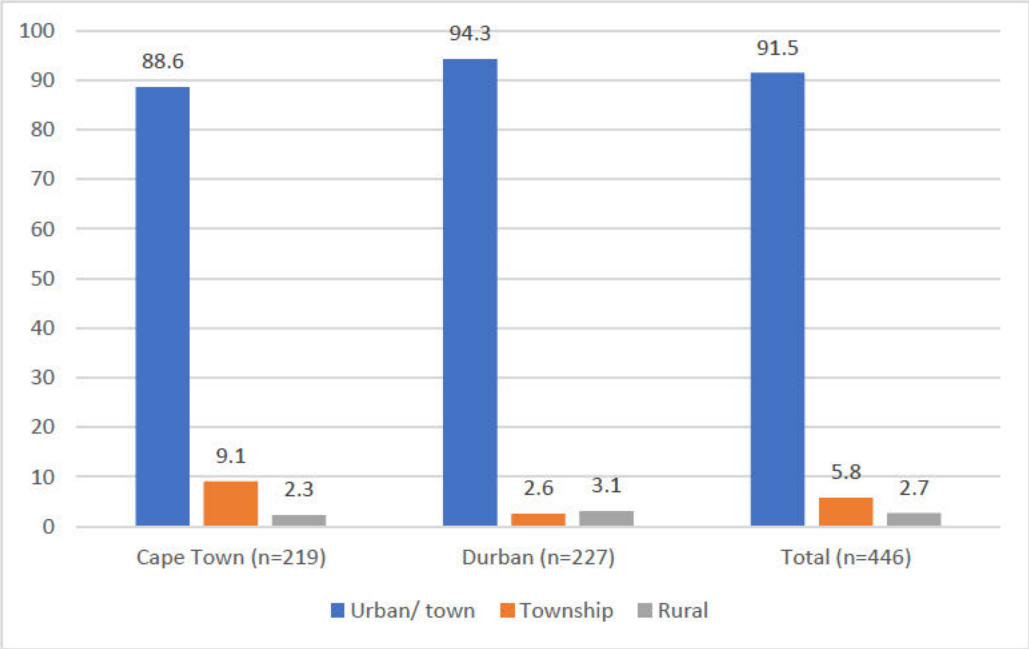


Figure 5.1: Type of area where business is located (in %)

Respondents were requested to specify the average annual turnover bracket for the tourism businesses for the years 2019 (as a pre-COVID-19 reference for benchmarking), 2020 (as an indicator of the initial waves and impacts of the pandemic), and 2021 (showing trends at the time of the interview). In this context, turnover is the total value of sales or revenue generated before deducting taxes and expenses. The income categories provided encompassed a range from less than R50 000 to R15 000 001 - R40 000 000, exemplifying the inclusion of micro to medium-sized businesses in the study aligned with the definition of SMMEs in South Africa relevant to the tourism context as indicated by the Department of Small Business Development (2019) and

reflecting the diversity of SMMEs. The literature (for example, Belitski et al., 2022; Canwat, 2024; Gomes et al., 2024; NDT, 2020a; Tasnim et al., 2023; UNWTO, 2020b; Zeidy, 2020) underscores the impacts of the COVID-19 pandemic on turnover, with financial impacts being the main negative impact that consequently triggered other impacts, as well as the closure or reduction in the number of businesses in tourism-focused SMMEs (that is, businesses exiting the tourism sector to operate in other sectors that were viewed as having opportunities and/ or being less vulnerable to the impacts of the pandemic and possibly future disruptions.

The results indicate that 6.7% (10.5% in Cape Town and 4.8% in Durban), 8.7% (8.7% in Cape Town and 8.8% in Durban), and 9.6% (9.1% in Cape Town and 10.1% in Durban) of the respondents did not respond, did not know or regarded the information as confidential in 2019, 2020 and 2021, respectively (Table 5.5). This could be attributed to a few changes in staff during the three-year period since representatives at establishments responded to the survey. A further 4.3% (3.7% in Cape Town and 4.8% in Durban), 15.7% (16.9% in Cape Town and 14.5% in Durban) and 1.8% (2.3% in Cape Town and 1.3% in Durban) of the respondents indicated not applicable (that is, income was not generated) in 2019, 2020 and 2021, respectively. The impacts of the COVID-18 pandemic in 2020 are noticeable with substantially more SMMEs indicating that they were not operational and that there were signs of recovery in 2021.

Among the majority of the tourism SMMEs interviewed that did indicate turnover categories for each year, a trend discernible that shows that businesses generally had higher turnovers in 2019, which dropped in 2020, revealing the negative economic impacts of the pandemic on SMMEs (Aladejebi, 2020; NDT, 2020a; Nyawo, 2020; OECD, 2020a; Zeidy, 2020). A recovery trend from 2020 to 2021 is also evident, which bodes well for tourism SMMEs. These trends are prominent in the following categories:

- R500 001 – R1 000 000: 11.7% (11% in Cape Town and 12.3% in Durban) in 2019, 10.9% (11.4% in Cape Town and 10.1% in Durban) in 2020 and 15.2% (15.5% in Cape Town and 15% in Durban) in 2021
- R1 000 001 – R5 000 000: 17.3% (14.2% in Cape Town and 20.3% in Durban) in 2019, 6.1% (6.4% in Cape Town and 5.7% in Durban) in 2020 and 13.5% (13.7% in Cape Town and 13.2% in Durban) in 2021

- R5 000 001 – R15 000 000: 11% (11.4% in Cape Town and 10.6% in Durban) in 2019, 1.6% (1.8% in Cape Town and 1.3% in Durban) in 2020 and 5.6% (6.4% in Cape Town and 4.8% in Durban) in 2021
- R15 000 001 – R40 000 000: 7.2% (11.9% in Cape Town and 2.6% in Durban) in 2019, 0.7% (1.3% in Durban) in 2020 and 1.3% (1.4% in Cape Town and 1.3% in Durban) in 2021

On the other hand, and related to the above trends for the higher turnover categories, lower turnover categories showed an increase or slight decrease from 2019 to 2020, and an increase or slight decrease from 2020 to 2021 as recovery in relation to higher income categories occurred. The changes in these specific categories are:

- Less than R50 000: 9% (10% in Cape Town and 7.9% in Durban) in 2019, 21.7% (21% in Cape Town and 22.5% in Durban) in 2020 and 17.3% (17.8% in Cape Town and 16.7% in Durban) in 2021
- R50 000 – R100 000: 11.2% (11% in Cape Town and 11.5% in Durban) in 2019, 10.1% (10.5% in Cape Town and 9.7% in Durban) in 2020 and 11% (10.5% in Cape Town and 11.5% in Durban) in 2021
- R101 000 – R200 000: 8.7% (7.8% in Cape Town and 9.7% in Durban) in 2019, 7.8% (5.9% in Cape Town and 9.7% in Durban) in 2020 and 9.9% (9.1% in Cape Town and 10.6% in Durban) in 2021
- R201 000 – R500 000: 11.7% (5.9% in Cape Town and 17.2% in Durban) in 2019, 16.8% (17.4% in Cape Town and 16.3% in Durban) in 2020 and 14.8% (14.2% in Cape Town and 15.4% in Durban) in 2021

Only a few businesses in Cape Town (2.7%) indicated a turnover of more than R40 000 000 (would have been a large business), but none in 2020 and 2021 indicating that these businesses at the time of the interview fell into the SMME category.

The impacts of the COVID-19 pandemic on SMME turnover are well established in the literature (Belitski et al., 2022; NDT, 2020a; Nyawo, 2020; Zeidy, 2020) and evident in the results of this study. The comparative analysis indicates that in terms of turnover, Chi-Square testing revealed significant differences in the categories of the businesses' overall annual average incomes across

the two locations (p<.001) in 2019 (specifically with Cape Town having more businesses with turnovers of more than R5 000 000, while Durban had more businesses in the range of R100 000 to R5 000 000). In 2020 and 2021, across the two study sites, no significant differences were noted (p=.742 and p=.995, respectively). It is important to note that the actual figures in terms of businesses that were not operational or experienced a decrease in turnover were likely to be higher since those tourism SMMEs that were no longer operational (that is, closed permanently as a result of the pandemic) did not generally participate in this study (or other research focusing on tourism SMMEs) since the target population, especially for the face-to-face interviews where tourism SMMEs located in selected CMT sites as explained in the methodology Chapter. Additionally, it is important to note that slightly more than two-thirds of the tourism SMMEs interviewed (68.2% [67.1% in Cape Town and 69.2% in Durban] in 2021) had an annual turnover of R1 000 000 or less per year despite SMMEs in the tourism sector varying in turnover. According to the Department of Small Business Development (2019), these SMMEs will fall under the micro-enterprises category, which is likely to be the most vulnerable, as noted in the literature (Aliamutu and Mkhize, 2024; Dube et al., 2023a; Numkoo et al., 2020, Parihar and Mishra, 2023, Rambe and Mosweunyane, 2017; Rogerson et al., 2022; van Wyk and Venter, 2023) because of limited access to options and resources to cope with economic changes and disruptions.

Table 5.5: Business/ company's overall annual average income for specific years (in %)

	2019			2020			2021		
	CT	D	T	CT	D	T	CT	D	T
Not applicable (not operational)	3.7	3.1	4.3	16.9	14.5	15.7	2.3	1.3	1.8
No response/ Don't know/ Confidential	10.5	4.8	6.7	8.7	8.8	8.7	9.1	10.1	9.6
< R50 000	10	7.9	9	21	22.5	21.7	17.8	16.7	17.3
R50 000 – R100 000	11	11.5	11.2	10.5	9.7	10.1	10.5	11.5	11
R101 000 – R200 000	7.8	9.7	8.7	5.9	9.7	7.8	9.1	10.6	9.9
R201 000 – R500 000	5.9	17.2	11.7	17.4	16.3	16.8	14.2	15.4	14.8
R500 001 – R1 000 000	11	12.3	11.7	11.4	10.1	10.8	15.5	15	15.2
R1 000 001 – R5 000 000	14.2	20.3	17.3	6.4	5.7	6.1	13.7	13.2	13.5
R5 000 001 – R15 000 000	11.4	10.6	11	1.8	1.3	1.6	6.4	4.8	5.6
R15 000 001 – R40 000 000	11.9	2.6	7.2	-	1.3	0.7	1.4	1.3	1.3
More than R40 000 000	2.7	-	1.3	-	-	-	-	-	-
P values		<.001			.742			.995	

KEY: CT: Cape Town (n=219) D: Durban (n=227) T: Total (n=446)

In addition to the turnover, the number of employees is used to categorize SMMEs in South Africa (Department of Small Business Development, 2019). The respondents were asked to indicate the number of people, including themselves but excluding volunteers (defined as an individual who assists an organization or business to do certain job/s for a small stipend, in-kind benefit, for example, a free lunch, or without any financial or non-financial remuneration), who were employed on a permanent or temporary/ casual basis before the COVID-19 pandemic and at the time of the interview. In relation to the number of persons employed permanently before the pandemic, Figure 5.2 shows that 52% (59.2% in Cape Town and 44.9% in Durban) of the SMMEs interviewed had between 1 and 10 (micro-enterprises) and 32.1% (28.8% in Cape Town and 35.2% in Durban) had between 11 and 50 (small enterprises) employees. Fewer respondents (3.6%: 5% in Cape Town and 2.2% in Durban) stated between 51 and 250 (medium enterprises), which is in keeping with the turnover responses presented earlier reflecting that most tourism SMMEs at CMT locations in Cape Town and Durban are micro-enterprises. A few respondents (12.3%: 6.8% in Cape Town and 17.6% in Durban) did not respond. Additionally, 39% (44.3% in Cape Town and 33.9% in Durban) of the SMMEs interviewed employed 1-10 persons on a temporary/ casual staff prior to the pandemic, while 7.4% (8.2% in Cape Town and 6.6% in Durban) SMMEs employed 11-50 persons and one SMME in Cape Town employed 51-250 persons on a temporary/ casual. Slightly more than half of the respondents (53.4%: 47% in Cape Town and 59.5% in Durban) stated that the businesses did not employ persons on a temporary/ casual basis. The results reflect the importance of SMMEs in relation to job creation, noted in the literature by researchers such as Alcalá-Ordóñez et al. (2024), Belitski et al. (2022), Chung et al. (2020), Dilshod et al. (2024), González-Torres et al. (2021), Gumede (2022), Nyikana and Bama (2023), Tasnim et al. (2023) and Zulu et al. (2023).

The provincial tourism marketing agency key informant identified the main sub-sectors that were impacted by the COVID-19 pandemic:

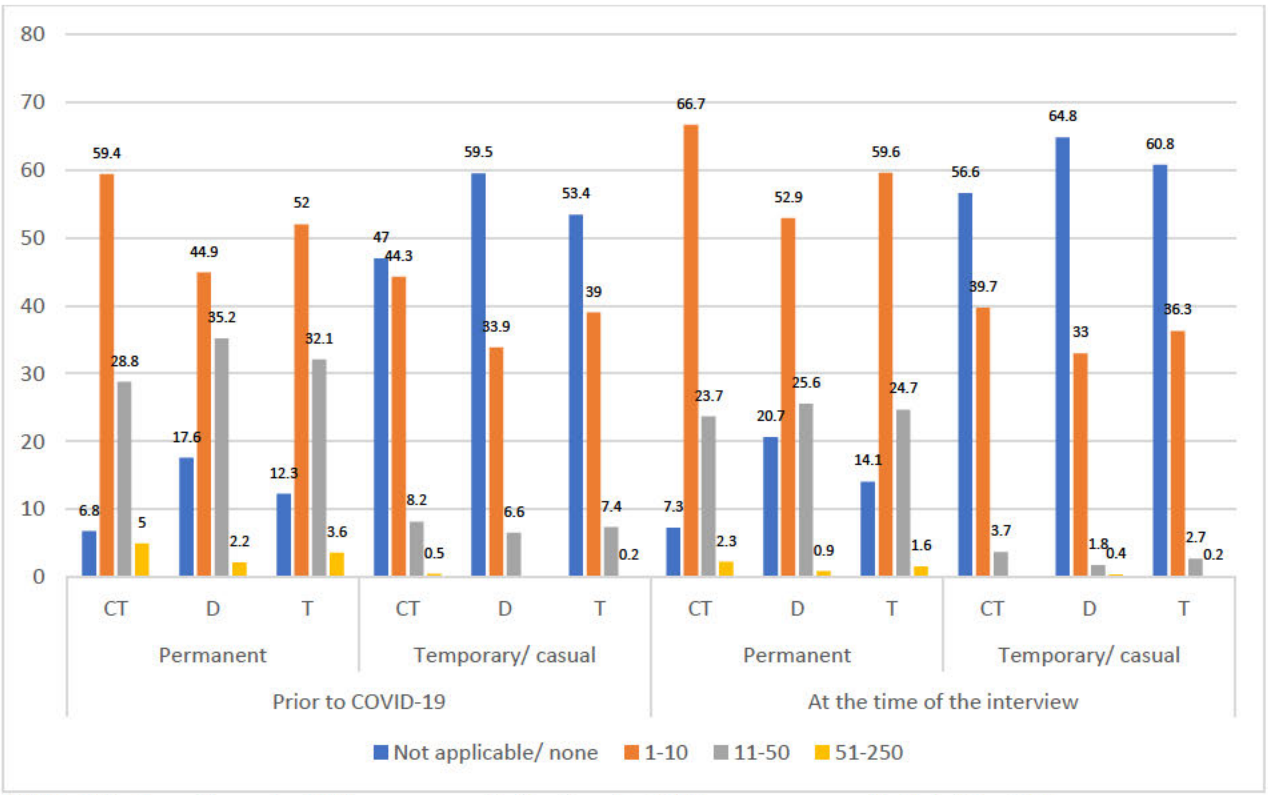
> Transport would be the worse off of all categories in the tourism value chain as travel was totally banned, no flights, nor long-haul bus tours were allowed. However, the accommodation sector was highly affected too, to a lesser extent since they could repurpose their establishments for accommodation for health workers and other workers who were critical in the fight against COVID-19. Others in the value chain such as those who offer attractions/ experiences such as adventure, sightseeing, and tourist guides were not operating at all.

The findings again show that most SMMEs are generally micro-enterprises and medium enterprises, often with higher levels of susceptibility to vulnerabilities and lower capacity to deal with disruptions/ changes, including the COVID-19 pandemic. One of the national government key informants stated that larger and more established businesses were more likely to have the necessary resources (having "something to fall back on") and networks to enable them to cope with disruptions, increasing their resiliency. This key informant also stated that "your typical one-man operators who package tours and sell them were the most devastated". Similarly, the small business and entrepreneurship trainer key informant asserted that "larger, more established companies collaborated and rode the wave", with collaboration also being underscored by the national hospitality and tourism association key informant. It was also noted by one of the academic researcher key informants that when smaller businesses could not continue with their operations, larger businesses could capitalize on an increase in the client base, potentially increasing their income. Similar sentiments were expressed by one of the national department key informants who stated that "in a strange and perverse way, the weak players (smaller tourism businesses) that were clogging the system fell off, giving the serious business owners a chance to thrive".

Figure 5.2 also shows that in relation to the number of persons employed permanently at the time of the interview, 59.6% (66.7% in Cape Town and 52.9% in Durban) of the SMMEs indicated between 1 and 10 (micro-enterprises) and 24.7% (23.7% in Cape Town and 25.6% in Durban) stated between 11 and 50 (small enterprises) persons. Fewer respondents (1.6%: 2.3% in Cape Town and two businesses in Durban) stated between 51 and 250 (medium enterprises). Some of the respondents (14.1%: 7.3% in Cape Town and 20.7% in Durban) stated none/ not applicable, perhaps not being operational at the time of the interview or furloughing staff. Additionally, 36.3% (39.7% in Cape Town and 33% in Durban) of the SMMEs interviewed employed 1-10 persons on

a temporary/ casual staff prior to the pandemic. Furthermore, 2.7% (3.7% in Cape Town and 1,8% in Durban) employed 11-50 persons. One SMME in Durban employed 51-250 people on a temporary/ casual. The majority of the respondents (60.8%: 56.6% in Cape Town and 64.8% in Durban) stated that the SMMEs did not employ people on a temporary/ casual basis. The findings at the time of the interview, when compared to pre-COVID results, show a trend that fewer persons were employed permanently and on a casual/ temporary basis by SMMEs at the time of the interview compared to before the pandemic, reflecting the substantial impacts on jobs as highlighted by the ILO (2020), Statistics South Africa (2023b) and van Wyk and Venter (2023). Job losses and reduced employment opportunities have grave socio-economic implications in a context like South Africa, with high levels of employment challenges, given that the tourism sector is a key job creator. The decrease in the number of temporary/ casual staff as well as volunteers (which although not included in the study, is an important feature of the tourism sector, especially in relation to activities such as events tourism and conferencing) also reveals that exposure to the tourism sector and on-the-job training was greatly compromised as noted by the academic researcher, higher education network/ association and small business and entrepreneurship trainer key informants.

The comparative analysis reveals that in terms of employment, Chi-Square testing revealed significant differences across the two locations in the categories of the number of persons employed by the SMMEs on a permanent basis prior to the COVID-19 pandemic and at the time of the interview ($p<.001$ for both periods) but no significant differences were found in relation to the number of persons employed on a temporary/ casual basis ($p=.052$ prior to COVID-19 and $p=.169$ at the time of the interview). The differences in relation to permanent employment are linked to more staff employing no persons and 11-50 persons in Durban compared to Durban prior to COVID-19 and more people being employed in Cape Town at the time of the interview.



KEY: CT: Cape Town (n=219) **D: Durban (n=227)** **T: Total (n=446)**

Figure 5.2: Number of persons business/ company employed on a permanent or temporary/ casual basis before COVID-19 and at the time of the interview (in %)

Table 5.6 shows the number of years the tourism SMMEs interviewed were operational. The main responses were more than 5 to 10 years (36.5%: 31.5% in Cape Town and 41.4% in Durban) followed by 2 to 5 years (20.6%: 23.7% in Cape Town and 17.6% in Durban) and more than 10 to 15 years (20.6%: 14.6% in Cape Town and 26.4% in Durban). Lower proportions of respondents indicated more than 20 years (8.5%: 13.7% in Cape Town and 3.5% in Durban), more than 15 to 20 years (7.4%: 10% in Cape Town and 4.8% in Durban), and less than 2 years (4.5%: 5.9% in Cape Town and 3.1% in Durban). One respondent in Cape Town and 3.1% in Durban did not respond or were not sure. Most tourism SMMEs in this study have been operational for 10 years or less, which is also indicative of higher levels of vulnerability to disruptions since these are not established businesses to cope better with disruptions or benefit from the support provided as shown by CNBC Africa (2020). The ability of the more established businesses to cope with disruptions was also noted by the academic researcher key informants. Chi-Square testing revealed significant differences in the categories of the number of years the businesses have been operational across the two locations (p<.001), with more SMMEs in Durban being operational for

more than 5 to 15 years compared to Cape Town with more SMMEs being operational for more than 15 years.

Table 5.6: Number of years the business has been operational (in years) (in %)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
No response/ not sure	0.5	3.1	1.8
Less than 2	5.9	3.1	4.5
2 to 5	23.7	17.6	20.6
More than 5 to 10	31.5	41.4	36.5
More than 10 to 15	14.6	26.4	20.6
More than 15 to 20	10	4.8	7.4
More than 20	13.7	3.5	8.5

Unsurprisingly, almost all the SMMEs were either operating fully (71.7%: 67.1% in Cape Town and 76.2% in Durban) or partially (27.1%: 32% in Cape Town and 22.5% in Durban) at the time of the interview (Figure 5.3) since the face-to-face interviews were generally held at the business locations. Only 1.1% of the SMMEs (two in Cape Town and three in Durban) were not operating at the time of the interview. The recovery process is again evident in this finding. Chi-Square testing revealed that there were no significant differences in the categories of whether the business was operating at the time of the interview across the two locations (p=.076).

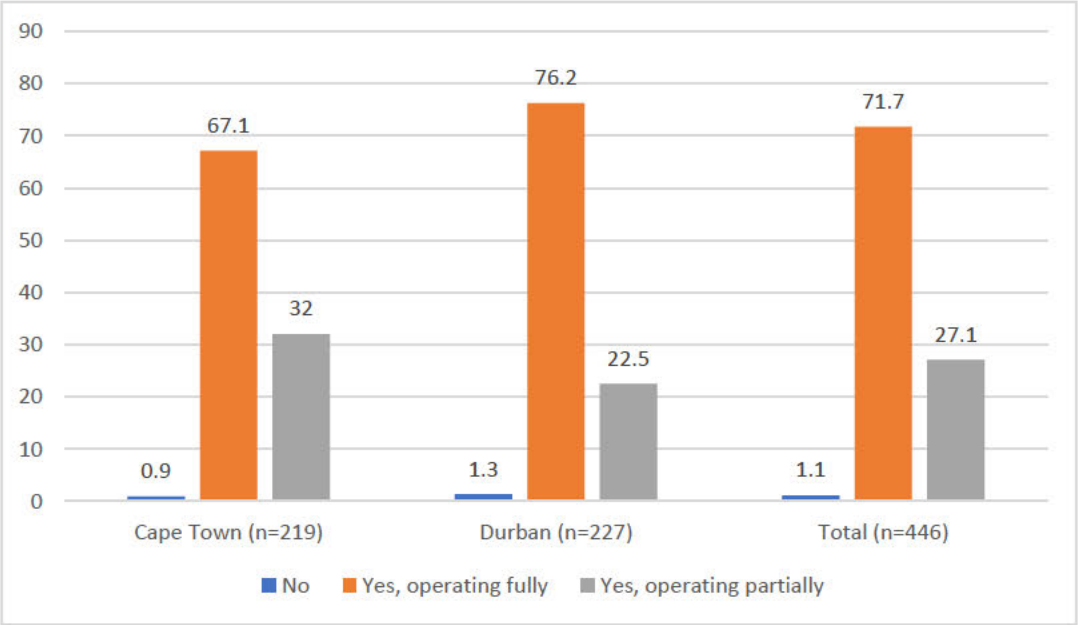


Figure 5.3: If the business was operating at the time of the interview (in %)

Chi-Square tests were undertaken to examine if there were significant differences in the categories of selected business profiles (specifically main type of tourism business, legal status of the business, number of persons permanently employed prior to COVID-19 and at the time of the interview, and the number of years the business was operational) and if operational at the time of the interview within the Cape Town and Durban surveyed population of SMMEs, as presented in Table 5.7. For the profile variables, significant differences in the categories were found for the main type of tourism business within both the Cape Town and Durban (p<.001) sites, with tour operators and guides being more likely to be operating partially while accommodation facilities, restaurants, and retail establishments being more likely to be fully operational at the time of the interview, suggesting higher recovery rates for these types of SMMEs. No significant differences in categories were found for the legal status of the business as well as the number of persons permanently employed prior to COVID-19 and at the time of the interview within Cape Town and Durban. In relation to the number of years the business was operational, significant differences in the categories were found within the Durban population (p<.001) but not in Cape Town (p=.768). In Durban specifically, businesses that were operating for less than 10 years were more likely to be operating partially while those that were more established were more likely to be operating fully, denoting the vulnerability of younger businesses. The differences among the SMMEs interviewed are also indicative of diversity in interests that reflect that among CMT SMMEs, there are a range of internal stakeholders, resonating with the tenets of stakeholder theory.

Table 5.7: Associations between selected business profile variables and if operational at the time of the interview

	If business was operational at time of the interview	
	Cape Town	Durban
Main type of tourism business	<.001	<.001
Legal status of business	.654	.551
Number of persons permanently employed prior to COVID-19	.924	.121
Number of persons permanently employed at time of interview	.797	.375
Number of years business has been operational	.768	<.001

An open-ended question probed the main reason/s for stopping operations or only operating partially. Predictably, COVID-19 restrictions and regulations were noted as the main reasons by tourism-related businesses interviewed. For example, some of the respondents stated that “travel

bans make it difficult for us to operate normally" and "the outbreak of a new variant is making it difficult for our businesses as tourist guides to operate fully". Some of the specific issues pertaining to the pandemic that were identified were restrictions on travel, bans/ limits on the sale of alcohol, few opportunities for events and conferences, and the availability of petrol. The importance of understanding the tourism value chain to assess impacts on SMMEs emerges since changes in demands for goods and services or disruptions experienced in one part impact other parts of the value chain. For example, one respondent indicated that "most of our clients are businesses in the tourism sector, and since COVID-19 they have not outsourced our housekeeping services".

The impacts on customers and travel were underscored, emphasizing the negative consequences of the pandemic on the demand for tourism goods and services. Respondents indicated that even when they were open, there were too few customers. Some comments from the respondents were "there is a lack of bookings/ clients", "not enough customers", "we do not get as many customers as before", "limited demand for accommodation", "smaller clientele base", and "low number of tourists". The reliance of some businesses on international tourism was also noted with one respondent stating that there was a reduction in revenues linked to the "lack of international visitors who are our main target market". This reliance among some businesses on international travel was also indicated by the provincial tourism department and academic researcher key informants who highlighted that SMMEs that depended mainly on international markets for their income were severely impacted.

The pandemic created a vicious cycle since businesses stopped operations or were operating partially to save money. However, this impacted their ability to bring in revenues. A few respondents indicated that they were hoping that the recovery that they were experiencing would place them in a situation to start to operate fully. For example, one respondent stated that although demand for goods and services has increased, tourism SMMEs continue to experience financial challenges that make it difficult for them to be fully operational. Staffing issues were also raised with one of the respondents stating that the business was "understaffed due to retrenchments". Other respondents stated "I've had to get a part-time job so I get consistent wages" and "I only sell goods on the weekends and after-hours because I had to find a full-time job", denoting that they needed to seek alternate jobs to survive. Thus, various aspects that were identified related to the

disruptions such as staff shortages/ being understaffed which relate to the impacts of the COVID-19 pandemic on the workforce, which was also noted in the literature (Abhari et al., 2022; Alonso et al., 2021; Belitski et al., 2022; Duro et al., 2021; Gimmon and Zysberg, 2024; Mishi et al., 2023; Musavengane et al., 2023; Nyawo, 2020; Zeidy, 2020).

Changes in business operations were also evident in the responses, with some restricting the number of days that the business was operational (such as "I only sell goods on Thursdays - Sundays as they are busier days, so I don't waste money operating") and others changing the activities that they are involved in (such as "I am mainly in transport service now"). The social protests/ unrest also emerged as an important reason. The higher education network/ association key informant mentioned looting as a specific concern that resulted in even further losses, highlighting that "the looting and violent protests in South Africa are not only undermining the reputation of South Africa as a tourist destination but impacts on businesses that experience damage to property and theft". The national hospitality industry trade association key informant also identified social unrest as resulting in job and revenue losses. One respondent stated that "due to the regulations all activities were suspended, and then social unrest deterred tourists from wanting to travel". This indicates how disruptions experienced concurrently can worsen the plight of businesses.

The impacts of the regulations imposed were particularly infuriating to the sector, such as the restrictions on the sale of alcohol, which were noted by the survey respondents and some of the key informants. The national hospitality industry trade association and national hospitality and tourism association key informants stated that this decision worsened the plight of many tourism SMMEs, with the lack of recognition that alcohol sales make up a substantial proportion of income for many restaurants and accommodation establishments. The national hospitality industry trade association key informant agreed that addressing gender-based violence in South Africa is critically important, but banning the sale of alcohol was misplaced and failed to deal with the underlying causes of this type of violation in society. This key informant also stated that the assumption that restaurants could transition to selling take-outs also shows that decision-makers do not understand the sector in that many were not able to do deliveries/ takeaways (which requires a different business model and infrastructure, including transport, to be in place) and that

customers are attracted to restaurants because of the ambiance, entertainment and the experience of going out. The national hospitality industry trade association key informant stated that takeaways were not financially viable for many food establishments and that the government "rules were not practical, which made businesses to be financially not viable".

The study's primary findings indicate significant differences in the profiles of SMMEs based on factors such as location, turnover, business formality, and years in operation that are likely to affect the SMMEs' capabilities and responses to cope with the COVID-19 disruptions. These variables were found to be important in other studies examining COVID-19 impacts and responses among businesses as well (Mishi et al., 2023). The impacts of the COVID-19 pandemic on tourism SMMEs are already evident from the responses in this section. The responses indicate that in relation to the DPSIR approach, there was a range of external drivers that placed internal pressures on the SMMEs that influenced impacts and responses, dramatically changing the state in which most businesses were operating. The next section examines the impacts of the COVID-19 pandemic on tourism SMMEs in the two case studies in further detail.

5.3. COVID-19 pandemic impacts

Table 5.8 shows the status of tourism SMME operations during specific periods (prior to the March 2020 Level 5 lockdown, from March to December 2020, from January to August 2021, and anticipated status when the COVID-19 virus is contained/ under control) to examine trends to ascertain impacts. The Level 5 lockdown was the institutionalization of drastic measures to curb the spread of the virus when there were high rates of infections and low levels of readiness, which meant that travel restrictions and stringent social distancing measures were enacted (Made et al., 2021). The results reinforce that the COVID-19 pandemic had several disruptions on tourism SMMEs. The pandemic itself (and the responses by the government, in particular, to curb the spread of the virus) was an unprecedented driver that was exerting considerable pressure on SMMEs.

Prior to the March 2020 Level 5 lockdown, most of the SMMEs (78.7%: 80.4% in Cape Town and 77.1% in Durban) were fully operational (that is, continuing with most business activities) with

only a few (11.7%: 5.9% in Cape Town and 17.2% in Durban) not operating at the time. It is important to note that these figures include businesses that were relatively new at the time of the interview since, as shown in Table 5.6, some of the businesses were less than two years old at the time of the interview. Fewer SMMEs interviewed were partially operating, specifically 3.8% (7.3% in Cape Town and one in Durban) with 60% - 80% of normal business activities and 2.5% (1.8% in Cape Town and 3.1% in Durban) were closed (cancelled or indefinitely postponed work). Two SMMEs in Cape Town and one in Durban were operating with about half of normal business activities and four in Cape Town were operating less than half of normal business activities. A few tourism SMMEs interviewed (1.8%) did not respond.

The status of the tourism SMMEs changed considerably from March to December 2020, with only 1.3% (two in Cape Town and four in Durban) of the tourism SMMEs interviewed being fully operational and 7.2% (5.9% in Cape Town and 8.4% in Durban) not responding. Most of the SMMEs (74.4%: 72.2% in Cape Town and 77.8% in Durban) were either operating with less than half of normal business activities (38.8%: 41.6% in Cape Town and 36.1% in Durban), about half of the normal business activities (22.6%: 24.1% in Cape Town and 21.1% in Durban) or had closed (cancelled or indefinitely postponed work) (13%: 6.4% in Cape Town and 19.4% in Durban). Furthermore, 4.3% (7.3% in Cape Town and 1.3% in Durban) of the businesses were operating with 60% - 80% of normal business activities. Additionally, 12.8% (13.7% in Cape Town and 11.9% in Durban) of the businesses were not operational at the time.

A recovery trend was evident from January to August 2021 with 87.1% (87.6% in Cape Town and 86.3% in Durban) of the SMMEs either being fully operational (continuing with most business activities) (25.6%: 11.4% in Cape Town and 39.2% in Durban), operating with 60% - 80% of normal business activities (41.3%: 50.2% in Cape Town and 32.6% in Durban) or operating with about half of normal business activities (20.2%: 26% in Cape Town and 14.5% in Durban). Fewer respondents compared to the March to December 2020 period stated that they were operating with less than half of normal business activities (5.6%: 4.6% in Cape Town and 6.6% in Durban) or were closed (two in Cape Town). Only two SMMEs in Durban were not operational from January to August 2021 (indicating not applicable). The recovery trend reveals the resiliency of the tourism sector shown in the past, as indicated by Cheng and Zhang (2020), Roy et al. (2016) and Zhang et

al. (2024). This position was also supported by one of the national department key informants who stated that "tourism is much more resilient than any other sectors in that you can always start again; the market forgets and allows for recovery". The resiliency and responsiveness of the sector were evident, supporting the DPSIR approach that businesses respond to the impacts generated by drivers and pressures.

The findings indicate that respondents expected the recovery trend to persist when the COVID-19 virus is contained/ under control, supporting Belitski et al.'s (2022) assertion that resilience occurs over time. Specifically, 62.8% (61.2% in Cape Town and 64.3% in Durban) of the businesses interviewed expected to be fully operational (continuing with most business activities) when the virus is fully contained. Additionally, 16.6% (16% in Cape Town and 17.2% in Durban) of the SMMEs interviewed expected to be operating with 60% - 80% of normal business activities. Only a few respondents (2.5%: 3.2% in Cape Town and 1.8% in Durban) stated that the SMMEs will be operating with about half of normal business activities, less than half of normal business activities (2.3% in Cape Town), will not be operational (four in Durban) or will be closed (two in Cape Town). It is important to note that the proportion of respondents who stated that the businesses will be fully operational when the COVID-19 virus is fully contained (62.8%) is lower than the pre-COVID responses (78.7%), denoting some tourism SMMEs do not expect to be fully operational or operate at the same level before the pandemic. This also suggests that for some SMMEs, the pandemic impacts will be prolonged and even permanent. This echoes concerns noted in the literature (for example, Moșteanu, 2024; Nzama, 2023; OECD, 2020b; Sobaih et al., 2021) that some tourism businesses are unlikely to recover from the COVID-19 pandemic impacts, and some may even exit the tourism sector.

Chi-Square testing undertaken to compare responses across the two locations revealed significant differences in the categories of the status of business operations prior to the March 2020 Level 5 lockdown, from March to December 2020 and from January to August 2021 across the two case study sites ($p<.001$). Specifically, more SMMEs in Cape Town than in Durban were fully operational prior to the lockdown, more SMMEs in Durban than in Cape Town were closed from March to December 2020, and more SMMEs were fully operational in Durban than in Cape Town from January to August 2021. There were no differences in the categories in terms of responses to

when the COVID-19 virus would be fully contained across the two locations (p=.052), denoting that in both Cape Town and Durban tourism SMMEs expected the status of the businesses to be similar during the specific periods looked at.

Table 5.8: Status of business operations during specific periods before, during and after the COVID-19 pandemic (in %)

	Prior to the March 2020 Level 5 lockdown			From March to December 2020			From January to August 2021			When the COVID-19 virus is contained/ under control		
	CT	D	T	CT	D	T	CT	D	T	CT	D	T
No response	1.8	1.8	1.8	5.9	8.4	7.2	6.8	6.2	6.5	16.4	15	15.7
Not applicable (was not operational at that time)	5.9	17.2	11.7	13.7	11.9	12.8	-	0.9	0.4	-	1.8	0.9
Fully operational (continue with most business activities)	80.4	77.1	78.7	0.9	1.8	1.3	11.4	39.2	25.6	61.2	64.3	62.8
Operating with 60% - 80% of normal business activities	7.3	0.4	3.8	7.3	1.3	4.3	50.2	32.6	41.3	16	17.2	16.6
Operating with about half (50%) of normal business activities	0.9	0.4	0.7	24.2	21.1	22.6	26	14.5	20.2	3.2	1.8	2.5
Operating less than half (50%) of normal business activities	1.8	-	0.9	41.6	36.1	38.8	4.6	6.6	5.6	2.3	-	1.1
Closed (cancelled or indefinitely postponed work)	1.8	3.1	2.5	6.4	19.4	13	.9	-	0.4	.9	-	0.4
P values			<.001			<.001			<.001			.052

KEY: CT: Cape Town (n=219) D: Durban (n=227)

Chi-Square tests were undertaken to examine if there were significant differences in the categories of selected business profiles (specifically, the main type of tourism business, the legal status of the business, number of persons permanently employed prior to COVID-19 and at the time of the interview, and the number of years the business was operational), and the status of the business activities prior to the March 2020 Level 5 lockdown, from March to December 2020, from January to August 2021 and when the COVID-19 virus is contained/ under control within the Cape Town and Durban surveyed population of SMMEs, as presented in Table 5.9. For the main type of tourism businesses, significant differences were noted, with p values being less than .05 for all periods under consideration and in both locations, except for Durban before the lockdown (p=.745) and from March to December 2020 (p=.358). Crosstabulation results show that accommodation

facilities, restaurants, and retail establishments were more likely to be fully operational during the stipulated periods.

In terms of the legal status of the business, significant differences were discernible from March to December 2020 and from January to August 2021 in Durban, with *p* values of .008 and <.007, respectively. In Durban, from March to December 2020, the significant differences were mainly linked to PTY LTD and Sole Proprietors being more likely to be fully operational. Furthermore, in relation to the status of the business from January to August 2021, SMMEs that were PTY LTD were more likely to be more than 80% operational, and those that were not registered were more likely to be closed or operating less than 50%. In terms of the status of the business from March to December 2020, significant differences in the categories were found within both the Cape Town and Durban ($p<.001$) sites. Specifically, SMMEs that were not registered and located in Durban were more likely to be operating less than 50% or were closed. No significant differences were noted at the locations for when the virus will be contained.

In relation to the number of persons permanently employed prior to COVID-19, Chi-Square testing within the two case study locations shows that differences were noted in relation to the case studies, with significant differences for Cape Town prior to the lockdown and when the virus was contained ($p<.001$). Differences in Durban were noted from March to December 2020 ($p=.005$) and from January to August 2021 ($p=.009$). SMMEs that were smaller (employing less than 10 persons) were less likely to be fully operational or operating with 60% or more of normal business activities, especially in Cape Town prior to the pandemic and in Durban from March to December 2020 and from January to August 2021. Chi-Square testing showed fewer significant differences in relation to the number of persons permanently employed at the time of the interview, with *p* values less than .05 specifically in Cape Town ($p=.007$) prior to lockdown and in Durban from January to August 2021 ($p=.005$) and when the virus was contained ($p=.010$). Again, smaller businesses were more likely to be closed or operating with 60% or more of normal business activities.

In terms of the number of years the business has been operational, Chi-Square testing revealed that there were significant differences for all the periods within both locations. In general, SMMEs operating for less than 10 years were more likely to be operating with less than 60% business

activities or closed, while those SMMEs that were more established (more than 10 years) were more likely to be fully operational or operating at 60% or more of normal business activities.

The vulnerabilities of tourism SMMEs in the informal sector (those that were not registered), as well as those that were operational for less than 10 years and employ less than 10 persons (which are also characteristics of the informal sector), are evident as highlighted by Bartik et al. (2020), Belitski et al. (2022), Duro et al. (2021), Fairlie et al. (2023), Mishi et al. (2023) and Musavengane et al. (2023). Micro and medium tourism businesses are particularly vulnerable to the COVID-19 pandemic disruptions. This was also highlighted by the provincial convention and events bureau key informant, who stated that there "are different categories of SMMEs, with those living from hand to mouth being the smallest ones. These types of SMMEs are likely not to recover. These are the most impacted because the South African government has not enabled them to sustain themselves". One of the national departments and one of the academic researcher key informants also highlighted that the tourism sector has many one-person businesses (who employ persons on an ad hoc basis as needed) that were the most negatively impacted by the pandemic. This is an important aspect to consider in future research in relation to the design of data collection instruments since there is a tendency to include the one-person business in the 'less than' category as this study does. It is recommended that the one-person business be differentiated when categorical data is collected. The results also reinforce the need to examine and understand differences among SMMEs and to look at specific contexts since differences within Durban and Cape Town are also evident.

Table 5.9: Associations between selected business profile variables and the status of the business during specific periods

	Status of business prior to the March 2020 lockdown		Status of business from March to December 2020		Status of business from January to August 2021		Status of business when the COVID-19 virus is contained/ under control	
	CT	D	CT	D	CT	D	CT	D
Main type of tourism business	<.001	.745	<.001	.358	<.001	.012	<.001	<.001
Legal status of business	.194	.198	<.001	<.001	.079	.007	.303	.989
Number of persons permanently employed prior to COVID-19	<.001	.378	.258	.005	.034	.009	<.001	.235
Number of persons permanently employed at time of interview	<.007	.291	.111	.074	.385	.005	.147	.010
Number of years business has been operational	<.001	<.001	<.001	<.001	.027	<.001	<.001	.001

KEY: CT: Cape Town D: Durban

Tourism SMME respondents interviewed who experienced disruptions in any way (that is, not being fully operational from the first COVID-19 lockdown) forwarded multiple reasons for not being fully operational (Figure 5.4). These were almost all the respondents (93.9%: 95.4% in Cape Town and 92.5% in Durban), indicating that the majority of tourism SMMEs experienced some form of disruption. The results resonate with earlier findings, with the main reason identified being that they could not operate normally because of COVID-19 government regulations (90.8%: 94.1% in Cape Town and 87.7% in Durban). This was followed by 17.9% (14.6% in Cape Town and 21.1% in Durban) of the respondents indicating social unrest, mainly in Durban, where higher levels of the July 2021 unrest were experienced forcing numerous businesses to close or be severely disrupted. Only a few respondents (4.7%: 7.3% in Cape Town and 2.2% in Durban) stated their own choice/ voluntary. Social protests (Mamokhere, 2020; Mongale, 2022; Ngcobo, 2022; Thompho et al., 2024; Yende, 2023) as well as extreme climate weather events associated with climate change (Botha et al., 2021; Chowdhury et al., 2024; Dube et al., 2023b; Haldar et al., 2024; Moşteanu, 2024; Rambe and Mosweunyane; 2017; Zulu et al., 2023) were identified to be persistent disruptions that tourism businesses need to cope with in the South African context. The results indicate that disruptions are often threat multipliers, especially when they occur concurrently. Disruptions are a source of drivers and pressures that change the state/ context, triggering impacts and responses that are influenced by the level of vulnerability and resources available.

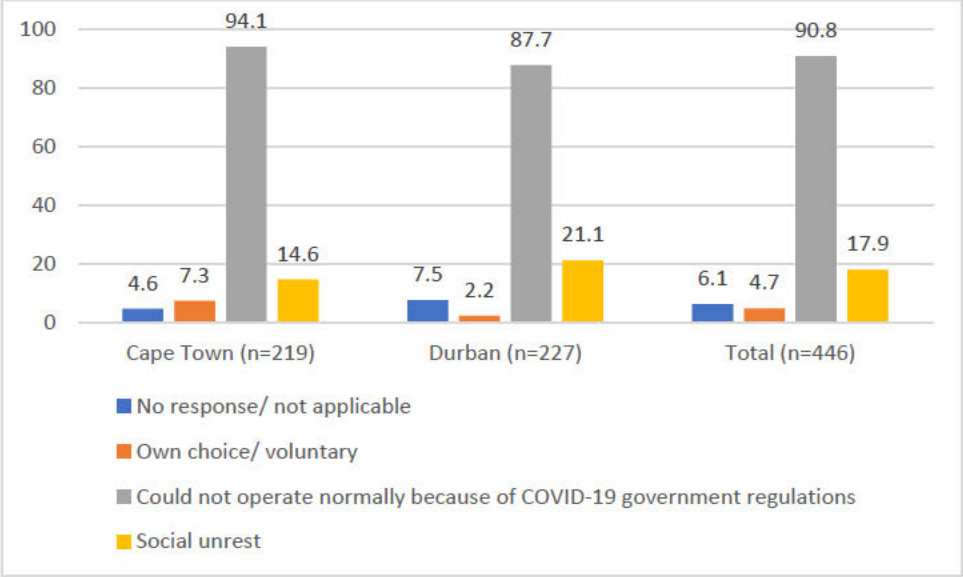


Figure 5.4: Main reason for not being fully operational if disrupted (in %) (Multiple responses)

The income category results presented earlier in Table 5.5 were used to ascertain changes from 2019 to 2021 in specific turnover categories (no change/ remained in the same category, increased, decreased or decreased in 2020 but recovery/ increase in 2021) (Figure 5.5). More than half of the SMMEs (54.5%: 50.2% in Cape Town and 58.6% in Durban) experienced a decline in turnover from 2019 to 2020 but a recovery/ increase in 2021, indicating the severe immediate impact of the pandemic on the tourism sector. Additionally, 22% (24.7% in Cape Town and 19.4% in Durban) of the SMMEs interviewed continued to experience a decrease in turnover from 2019 to 2021. Only a few SMMEs interviewed indicated that the turnover category remained the same (7.4%: 7.8% in Cape Town and 7% in Durban) or increased (6.5%: 7.3% in Cape Town and 5.7% in Durban). Chi-Square testing found no statistically significant difference between the categories of change in income status and the two locations (p=.490), indicating that the impacts were similar at both locations. A limitation of the study, as noted earlier, is that SMMEs that may have closed permanently were not included in this study. Thus, the actual impacts on the tourism sector may have been more widespread and direr. Future research should undertake a study of tourism SMMEs that are no longer operational.

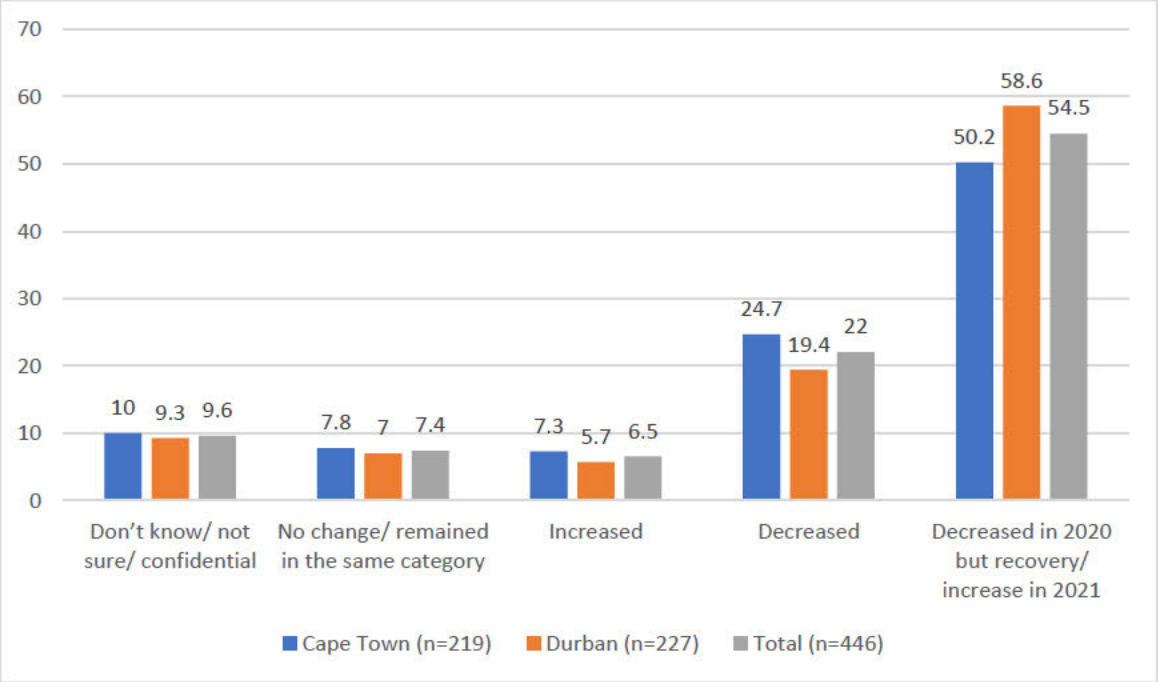


Figure 5.5: Change in income status (in %)

Chi-Square tests were undertaken to examine if there were significant differences in the categories of selected business profiles (specifically main type of tourism business, legal status of the business, number of persons permanently employed prior to COVID-19 and at the time of the interview, and the number of years the business was operational), and changes in income status from 2019 to 2021 within the two case study locations. Table 5.10 indicates that for most profile variables, significant differences in the categories were evident in all categories (p values of less than .05) except the number of persons permanently employed prior to COVID-19 (p=.175) and at the time of the interview (p=.534) in Cape Town. An increase in income from 2019 to 2021 was mainly among restaurants as well as businesses involved in tourism and transport businesses. In relation to the legal status of the business, PTY LTD businesses, in particular, experienced a higher level of decrease in 2020 and recovery/ increase in 2021. At the case study locations, significant differences in the categories of selected business profiles and changes in income status were evident for all variables in Durban. Specifically, accommodation, restaurants, and retail establishments had higher proportions of decrease in 2020 but recovery/ increase in 2021. Furthermore, businesses that were not registered, had a lower number of employees, and were operational for less than 10 years were more likely to experience decreases in income from 2019

to 2021. In Cape Town, significant differences in the categories were noted for the main type of tourism business, the legal status of the business, and the number of years the business was operational. Specifically, PTY LTD and older businesses (more than 10 years) were more likely to indicate that income had increased, while younger businesses were in the no change category. Additionally, more restaurants and retail establishments were in the decreased category. The results reveal that some businesses had still not recovered fully in terms of turnover to have gone back to at least pre-COVID levels. Furthermore, some businesses indicated that their income had decreased, and they may not be on a recovery pathway. Again, the vulnerabilities of informal, smaller, and less established tourism SMMEs are discernible. The results show diverse impacts on different types of businesses. This was also highlighted by the provincial marketing organization key informant, who stated that the transport and accommodation businesses, in particular, were likely to experience the most disruptions across the tourism value chain because of travel restrictions.

Table 5.10: Associations between selected business profile variables and if operational at the time of the interview

	Change in income status (2019, 2020 and 2021)	
	Cape Town	Durban
Main type of tourism business	<.001	.036
Legal status of business	<.001	.002
Number of persons permanently employed prior to COVID-19	.175	<.001
Number of persons permanently employed at time of interview	.534	.008
Number of years business has been operational	<.001	<.001

Results presented earlier in Figure 5.2 pertaining to the number of people employed on a permanent or temporary/ casual basis, excluding volunteers, before the COVID-19 pandemic and at the time of the interview by the tourism SMMEs were used to establish changes in employment that could be attributed to the pandemic. The categories used to track the changes were no change/ remained in the same category, increased and decreased (Table 5.11). Most of the SMMEs remained in the same category both in relation to permanent (82.5%: 82.2% in Cape Town and 82.8% in Durban) and temporary (80%: 75.3% in Cape Town and 84.6% in Durban) employment. Among the rest, most stated decreased for both permanent (15.2%: 14.6% in Cape Town and 15.9% in Durban) and temporary (15.9%: 19.6% in Cape Town and 12.3% in Durban) employment. Fewer

respondents indicated a decrease in both permanent (2.2%: 3.2 in Cape Town and 1.3% in Durban) and temporary (4%: 5% in Cape Town and 3.1% in Durban) employment. Chi-Square testing revealed that there were no statistically significant differences between the changes in employment categories across the two locations (p=.669 for permanent and p=.735 for temporary employment), indicating that changes were similar at both locations.

The dominance of remaining in the same category should not be interpreted as no decrease in employment. As noted earlier, the categorization of the number of persons employed prevents changes within the category (which are broad) from being detected. For example, a business employing 10 persons may have had staff reduced to 2 persons but would have remained in the same category. This assertion that job losses are not evident in the changes in the employment results is supported by results presented in Table 5.12 that show that when respondents were asked to provide reasons for job losses experienced from before the pandemic, most respondents (82.5%: 88.6% in Cape Town and 76.7% in Durban) provided reasons, indicating that job losses were experienced. When the survey was developed, the categories (1-10, 11-50 and 51-250) were chosen to reflect the SMME categories as defined by the Department of Small Business Development (2019). However, for this study where the focus is on impacts, the large categories are not the most appropriate, and future research should consider this limitation. Job losses were highlighted as a key negative impact of the pandemic in the literature (for example, Belitski et al., 2022; Canhoto and Wei, 2021; Kurniawati et al., 2022; Musavengane and Leonard, 2022; Nyawo, 2020; Tasnim et al., 2023; Zeidy, 2020) and among the key informants interviewed. As the academic researcher key informant stated, “the widespread job losses across the sector has devastating socio-economic implications for the individuals and their families, the tourism sector and the nation as a whole where unemployment is a major problem”. The key informants involved in training cautioned that major disruptions in the tourism sector leading to job losses are also likely to dissuade people from viewing the sector as a career and/ or starting a business.

Table 5.11: Change in employment status from before the COVID-19 pandemic to when the interview was conducted (in %)

	Change in permanent employment			Change in temporary/ casual employment		
	Cape Town (n=219)	Durban (n=227)	Total (n=446)	Cape Town (n=219)	Durban (n=227)	Total (n=446)
No change/ remained in the same category	82.2	82.8	82.5	75.3	84.6	80
Increased	3.2	1.3	2.2	5	3.1	4
Decreased	14.6	15.9	15.2	19.6	12.3	15.9
P value	.669			.735		

Respondents were asked to provide the reason/s for job losses between 2019 (prior to the COVID-19 pandemic) and at the time of the interview if job losses were experienced. The responses in Table 5.12 show that most of the tourism SMMEs interviewed experienced job losses, with only 17.5% (11.4% in Cape Town and 23.3% in Durban) indicating that job losses were not experienced (not applicable). While multiple reasons were forwarded by some of the respondents, it was unsurprising that the main reason for the job losses was COVID-19 pandemic disruptions (79.1%: 85.8% in Cape Town and 72.7% in Durban). The recent social unrest (24.7: 14.6% in Cape Town and 34.4% in Durban), referring to the July 2021 unrests, and financial challenges (not related to the pandemic or recent social unrests) (14.6%: 18.7% in Cape Town and 10.6% in Durban) were other key reasons identified, again denoting that many SMMEs experience multiple stressors as indicated earlier. A few other reasons were indicated by a few respondents: death (two in Durban), theft/ dismissed staff for stealing (one in Durban), employees resigned/ left to work elsewhere (three in Cape Town), and medical/ illness (one in Durban).

Differences are noticeable between Cape Town and Durban, with more SMMEs experiencing pandemic and financial-related job losses in Cape Town. The social unrest, in particular, had more severe impacts in Durban, which were "characterized by high levels of violence that targeted businesses, including small businesses, which resulted in some businesses closing or reducing staff and major losses in income" (the academic researcher key informant). Two major disruptions (the COVID-19 pandemic and social unrest) being experienced simultaneously may have destabilized the recovery among SMMEs (including those in the tourism sector) that was underway in 2021 or resulted in businesses being closed permanently. Job losses were identified by all the key informants as a key impact of the COVID-19 pandemic. The national hospitality industry trade

association key informant indicated that government policies contributed to job losses, stating that the "blanket protocols" (for example, the alcohol ban that negatively impacted the hospitality sector, especially restaurants) had serious consequences for the tourism sector, that was "sad because tourism is labor intensive and it creates lots of jobs". Similarly, the small business and entrepreneurship trainer key informant argued that the widespread job losses experienced in the tourism sector were a major contributor to high levels of unemployment in South Africa.

Table 5.12: Reasons for job/ employee loss between 2019 and the time of interview (in %) (Multiple responses)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
Not applicable	11.4	23.3	17.5
COVID-19 pandemic disruptions	85.8	72.7	79.1
Recent social unrest	14.6	34.4	24.7
Financial challenges (not related to the pandemic or recent social unrests)	18.7	10.6	14.6
Death	-	0.9	0.4
Theft/ dismissed staff for stealing	-	0.4	0.4
Employees resigned/ left to work elsewhere	1.4	-	0.7
Medical/ illness	-	0.4	0.2

Business impacts were further probed with respondents being asked to indicate changes in relation to specific aspects depicted in Table 5.13. Cash flow and continuous revenue generation is central to the financial sustainability of businesses, being particularly important for SMMEs that have few resources and financial reserves as noted by Du et al. (2023), Maduku and Kaseeram (2021), Numkoo et al. (2020), Parihar and Mishra (2023), Rambe and Mosweunyane (2017) and Suresh and Kumar (2023). Demand (customers and clients) and supply (sourcing and provision of goods and services) disruptions will affect the viability and sustainability of tourism SMMEs across the value chain, as indicated by Kalogiannidis (2020), Nyawo (2020), Tasnim et al. (2023) and Zeidy (2020).

SMMEs were asked to indicate the extent to which the business was impacted in relation to demand and supply-side aspects (Table 5.14). The responses show that most SMMEs interviewed experienced multiple and severe COVID-19 pandemic disruptions. Specifically, most respondents indicated decreases in sales/ demand for goods and services (83.6%: 89.5% in Cape Town and

78% in Durban) and in cash flow availability (87.7%: 90% in Cape Town and 85.5% in Durban). The results show that almost all the tourism SMMEs interviewed at both CMT locations experienced demand-side disruptions. The severity and impacts of financial distress were also noted by the key informants. For example, one of the national department key informants highlighted that the tourism sector was "hit with immediate effect and SMMEs bore the brunt because they were not prepared for the pandemic and did not have sufficient cash flows". While only 42.4% (49.3% in Cape Town and 35.7% in Durban) of the respondents indicated declines in the ability to access financial support such as loans and grants, it is important to note that only 12.8% (8.7% in Cape Town and 16.7% in Durban) indicated an increase and 19.7% (20.5% in Cape Town and 18.9% in Durban) stated no change/ remained the same while 25.1% (21.5% in Cape Town and 28.6% in Durban) did not respond or did not know. This suggests that while widespread financial disruptions were experienced by the tourism SMMEs, access to much-needed financial support was limited.

The impacts on the supply-side were also evident, although not as widespread as the demand-side impacts. Specifically, fewer respondents identified a decreased supply of inputs and raw materials (49.8%: 55.3 % in Cape Town and 44.5% in Durban) and the supply of products for resale (38.3%: 47.9% in Cape Town and 29.1% in Durban). Of concern, given the financial impacts in terms of demand disruptions, was that close to half of the respondents (51.8%: 60.7% in Cape Town and 43.2% in Durban) indicated that the prices of supplies increased, which is likely to have further impacts on the financial stress faced by many of the SMMEs. The financial disruptions associated with the pandemic are evident in the responses. Chi-Square testing revealed significant differences in the categories of the selected impacts across the two locations for all the aspects covered, except for cash flow availability (p=.231). Specifically, in relation to sales/ demand for goods and services (p<.001), the ability to access financial support such as loans and grants (p=.005), supply of inputs and raw materials (p<.001) and the supply of products for resale (p<.001), more SMMEs in Cape Town experienced decreases than in Durban. Additionally, more SMMEs in Cape Town, compared to Durban, experienced increases in relation to changes in the prices of supplies (p<.001). The responses reinforce the importance of the comparative analysis and that more SMMEs in Cape Town than in Durban were impacted negatively financially both in terms of supply and demand.

Table 5.13: The extent to which the business was impacted in relation to the specific aspects tabulated as a result of the COVID-19 pandemic (in %)

		Cape Town (n=219)				Durban (n=227)				Total (n=446)			
	P value	NR	D	I	RS	NR	D	I	RS	NR	D	I	RS
Sales/ demand for goods and services	<.001	0.9	89.5	3.7	5.9	4	78	14.1	4	2.5	83.6	9	4.9
Cash flow availability	.231	3,2	90	3.7	3.2	6.2	85.5	2.6	5.7	4.7	87.7	3.1	4.5
Ability to access financial support such as loans and grants	.005	21.5	49.3	8..7	20.5	28.6	35.7	16.7	18.9	25.1	42.4	12.8	19.7
Supply of inputs and raw materials	<.001	22.4	55.3	11.4	11	16.7	44.5	3.1	35.7	19.5	49.8	7.2	23.5
Change in the prices of supplies	<.001	5.9	20.1	60.7	13.2	8.8	11.9	43.2	36.1	7.4	15.9	51.8	24.9
Supply of products for resale	<.001	27.9	47.9	16.9	7.3	30	29.1	4.4	36.6	28.9	38.3	10.5	22.2

KEY: D: Decreased I: Increased NR: No response/ don't know RS: Remained the same/ no change

Table 5.14 shows that the majority of the respondents (68.6%: 67.6% in Cape Town and 69.6% in Durban) stated one year to less than two years (31.4%: 36.5% in Cape Town and 26.4% in Durban) and two years to less than five years (37.2%: 31.1% in Cape Town and 43.2% in Durban) in relation to the number of years that respondents felt that their business will take to fully recover from the negative impacts of the COVID-19 pandemic after the COVID-19 pandemic has been brought under control. Some of the respondents (13.5%: 17.8% in Cape Town and 9.3% in Durban) stated less than one year. Only a few respondents stated five years to less than ten years (6.1%: 2.7% in Cape Town and 9.3% in Durban) and ten years and more (two in Durban). Additionally, 10.1% (10.5% in Cape Town and 9.7% in Durban) of the respondents indicated that they did not know, denoting that some of the tourism SMMEs did not feel comfortable predicting the pandemic impacts. Only 1.3% of the respondents (three each in Cape Town and Durban) stated that they were not negatively affected, again revealing the extensive negative impacts of the pandemic on tourism SMMEs.

The results indicate that most respondents perceived the recovery period for their businesses as being between 2 to 5 years. While a relatively short period, this could be lengthy for tourism

SMMEs specifically those that have to deal with seasonality and fluctuations in demand as well as other types of disruptions that have been noted in this study to financially cope. Thus, while the same driver (the COVID-19 pandemic), the types of pressures, impacts and responses linked to the diversity among the SMMEs. As underscored in relation to adopting the DPSIR, it is a framework that provides a pathway to examine changes in a specific context. Continuous research will be needed to trace the impacts and recovery over a longer period, especially to inform resilience strategies for the future. The results indicate, however, as noted in earlier findings, that recovery is already underway which may be the impetus to build confidence and resilience among the tourism SMMEs that the COVID-19 pandemic impacts will end with full recovery. Chi-Square testing showed significant differences in the categories of the perceptions of the time it will take for tourism businesses (specifically respondents' businesses) to fully recover across the two locations ($p<.001$), with more respondents in Cape Town indicating a shorter recovery period (less than two years) compared to respondents in Durban that indicated longer periods (two years and more).

The overall recovery of the tourism sector impacts tourism SMMEs given the interconnectedness of businesses in the sector across the value chain. In terms of perceptions of the length of time it will take the tourism sector more generally to recover, slightly more respondents indicated longer periods for the tourism sector to fully recover when compared to their businesses. Specifically, more respondents indicated 5 years to less than 10 years (14.1%: 7.8% in Cape Town and 20.3% in Durban) and 10 years and more (4.9%: two in Cape Town and 8.8% in Durban). Fewer respondents stated one year to less than two years (22.4%: 23.7% in Cape Town and 21.1% in Durban) and less than a year (5.8%: 9.6% in Cape Town and 2.2% in Durban). Proportions similar to responses in relation to recovery period for the respondents' businesses were found for two years to less than five years (37.2%), although differences in responses are noted for the two locations (47% in Cape Town and 27.8% in Durban), with more respondents in Cape Town and Durban choosing this recovery timeline for the tourism sector and their businesses, respectively. The differences were evident for the other periods as well with Chi-Square testing indicating significant differences in the categories of the perceptions of the time it will take for the tourism sector to fully recover across the two locations ($p<.001$).

Generally, the findings indicate a shorter recovery period for the tourism SMMEs compared to the tourism sector. This could be linked to most of the SMMEs interviewed experiencing recovery trends (in relation to demand and consumption increases) that result in more positive outlooks. Respondents are also more familiar with their experiences rather than understanding the tourism sector as a whole. The tourism sector could also be viewed as needing substantial external financial support, especially from the airline industry and larger accommodation establishments, to fully recover. This type of external financial support is less likely to be easily available from both the private and public sectors as financial resources are prioritized to address more urgent challenges and given that the COVID-19 pandemic resulted in disruptions in government and larger enterprises as well, and they are also needing sufficient time and resources to recover. The interconnectedness with other sectors also reinforces that there are a number of external stakeholders that impact tourism SMMEs.

Table 5.14: Perceptions of time it will take for the business and the tourism sector more generally to fully recover from the negative impacts of the COVID-19 pandemic when brought under control (in %)

	Business			Tourism sector		
	Cape Town (n=219)	Durban (n=227)	Total (n=446)	Cape Town (n=219)	Durban (n=227)	Total (n=446)
Not negatively affected	1.4	1.3	1.3	-	-	-
Less than 1 year	17.8	9.3	13.5	9.6	2.2	5.8
1 year to less than 2 years	36.5	26.4	31.4	23.7	21.1	22.4
2 years to less than 5 years	31.1	43.2	37.2	47	27.8	37.2
5 years to less than 10 years	2.7	9.3	6.1	7.8	20.3	14.1
10 years and more	-	0.9	0.4	0.9	8.8	4.9
Don't know	10.5	9.7	10.1	11	19.8	15.5
P value	<.001			<.001		

Chi-Square tests were undertaken to examine if there were significant differences in the categories of selected business profiles (specifically main type of tourism business, legal status of the business, number of persons permanently employed prior to COVID-19 and at the time of the interview, and the number of years the business was operational), and perceptions among the respondents of the length of time it would take for their businesses and the tourism sector more generally to fully recover from the negative impacts of the COVID-19 pandemic after the pandemic has been brought under control within the Cape Town and Durban surveyed population

of SMMEs (Table 5.15). Significant differences were noted in Cape Town for the main type of tourism business both for the length of time it would take for their businesses ($p<.001$) and the tourism sector more generally to fully recover ($p=.003$) but not in Durban. Specifically, accommodation, retail, and restaurant establishments generally indicated recovery times that were less than 5 years compared to other types of tourism activities, with Cape Town notably expecting cultural tourism to take longer to recover. Regarding the legal status of the business, significant differences were found within Cape Town ($p=.017$) and Durban ($p<.001$) in relation to the length of time it will take for tourism SMMEs to recover, with more respondents from informal establishments and CCs expecting the recovery to take place fully within 5 years compared to PTY LTD companies.

Additionally, significant differences were found for the number of persons permanently employed prior to the COVID-19 pandemic and the length of time it would take the tourism sector to fully recover within Cape Town ($p=.019$) and Durban ($p=.022$). Similarly, significant differences were found within Cape Town and Durban ($p<.001$) for the number of persons permanently employed at the time of interview and the length of time it would take the tourism sector to fully recover. Additionally, the only other significant difference ($p=.003$) was within Cape Town for the number of persons permanently employed at the time of interview and the length of time it would take for tourism SMMEs to recover. For the number of persons permanently employed prior to the COVID-19 pandemic and at the time of the interview, businesses that employed fewer staff expected recovery to take place within 5 years compared to larger businesses. In terms of the number of years operational, more established businesses (more than 10 years in operation) expected full recovery sooner compared to less established businesses. In relation to the number of years the business has been operational, a significant difference was only found within Durban ($p=.009$) regarding the length of time it will take for tourism SMMEs to recover. Specifically, businesses that were operational for longer periods expected recovery time to be shorter, compared to businesses operating for fewer years.

The results reveal that differences are noted about the perceived period of recovery for tourism SMMEs and the tourism sector more generally. This was also evident in relation to the key informant responses. One of the national department key informants stated that although impacts

were experienced across the tourism value chain:

> As the recovery started to kick in around level 3 of COVID-19 restrictions, the established tourism businesses which are predominantly white-owned, were able to recover. These are mostly accommodation businesses run in their homes and they were able to get PPE for themselves and their employees while the township businesses were more devastated because they did not have money to buy PPE and were unable to apply for the support grants.

Table 5.15: Associations between selected business profile variables and length of time it will take for the business and the tourism sector more generally to recover

	Length of time it will take for tourism SMMEs to recover		Length of time it will take for the tourism sector generally to recover	
	Cape Town	Durban	Cape Town	Durban
Main type of tourism business	<.001	.059	.003	.186
Legal status of business	.017	<.001	.122	.532
Number of persons permanently employed prior to COVID-19	.050	.341	.019	.022
Number of persons permanently employed at time of interview	.003	.274	<.001	<.001
Number of years business has been operational	.258	.009	.118	.568

The above results indicate that tourism SMMEs are generally optimistic that their businesses, specifically and the tourism sector more generally, will fully recover, although differences are evident pertaining to the time it will take. Despite full recovery among some at the time of the interview and anticipated full recovery among the rest of the respondents within 5 years, findings presented in Table 5.16 indicate the COVID-19 pandemic has changed business operations and has had long-term impacts on tourism SMMEs with only some of the respondents (18.8%: 21.9% in Cape Town and 15.9% in Durban) stating that the pandemic is unlikely to change the operations of their business in the long-term/ after the COVID-19 pandemic has been brought under control. These respondents anticipate that their businesses will return to business as usual without changes to their operations. A further 3.6% (three respondents in Cape Town and 5.7% in Durban) did not respond. Among the rest of the respondents, the main changes to operations identified were stricter controls to ensure adherence to improved health practices in terms of hygiene (71.5%: 69.4 % in Cape Town and 73.6% in Durban). This suggests that health aspects will become a key component of the operations of tourism SMMEs, associated with concerns about new diseases or variants of

the COVID-19 virus. As the academic researcher key informant stated, “it is not unusual to have sanitizers in many tourism places such as restaurants and hotels, as well as staff wearing masks and rubber gloves. This is a common feature, despite not being a requirement anymore”.

The impacts of technological changes initiating new platforms as noted in relation to the diffusion theory (Belitski et al., 2022; Du et al., 2023; Kurniawati et al., 2022; Mametja et al., 2023; Palhad et al., 2023) is evident with 33.6% (39.7% in Cape Town and 27.8% in Durban) of the respondents stating increased use of online/ virtual platforms. It is disconcerting that 16.6% (19.2% in Cape Town and 14.1% in Durban) of the respondents indicated changing the type of business to one that is different from the tourism sector. This indicates that some businesses are exiting the tourism sector, a concern noted earlier, with likely impacts on job creation and the economic contribution of tourism. The national hospitality industry trade association key informant stated that the decision by some of the businesses to close and leave the tourism sector was “sad because tourism is labor intensive and it creates lots of jobs”. One respondent in Cape Town stated that the business would be registered for it to be recognized and one respondent in Durban indicated using Uber and other apps.

Table 5.16: How the pandemic is likely to change the operations of the business in the long-term/ after the COVID-19 pandemic (in %) (Multiple responses)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
No response	1.4	5.7	3.6
Have stricter controls to ensure adherence to improved health practices in terms of hygiene	69.4	73.6	71.5
Use online/ virtual platforms more	39.7	27.8	33.6
No impact – will go back to business as usual	21.9	15.9	18.8
Change the type of business in (different from tourism sector)	19.2	14.1	16.6
Register business, for it to be recognized	0.5	-	0.2
Using Uber and other apps	-	0.4	0.2

5.4. Strategies and responses

Strategies and responses to deal with the pandemic is an important aspect of this study since it is reflective of capabilities, a key component of the theoretical framework that guides the research in relation to the diffusion (Bakker, 2019; John, 2023; Sferrazzo and Ruffini, 2021) and stakeholder (González-Torres et al., 2021; Roxas et al., 2020; Tasnim et al., 2023) theories, and indicators of resiliency to cope with future disruptions as indicated by Cheng and Zhang (2020), Duan et al. (2022), Gumede (2022) and Zulu et al. (2023). The tourism SMMEs interviewed adopted various measures to deal with the COVID-19 pandemic disruptions. Multiple strategies were used and were categorized into employee adjustments (Table 5.17), business changes (Table 5.18) and financial alterations (Table 5.19).

As indicated in the literature (Brumbaugh and Patil, 2017; Goliath et al., 2018; Munien et al., 2019; Statistics South Africa, 2023a; Tan and Nguwi, 2023), the tourism sector (and CMT SMMEs, in particular, that dominate this sector in South Africa) is a major employer. Furthermore, the tourism sector, as noted by Change et al. (2024) and Lewis et al. (2021), is labor-intensive. The importance of examining employee changes as a result of the COVID-19 pandemic is also underscored by Alekseev et al. (2023), Huang and Wang (2023), Nyawo (2020) and Zeidy (2020). In relation to employee adjustments identified, 16.4% (11% in Cape Town and 21.6% in Durban) of the respondents indicated none (Table 5.17). The highest proportion of responses, with more than 30%, were:

- Reduced employment time/ working hours (57.2%: 59.8% in Cape Town and 54.6% in Durban)
- Reduced salaries/ wages (52.2%: 51.6% in Cape Town and 52.9% in Durban)
- Staff being quarantined/ self-isolating (staff or family member being ill or exposed to a virus) (38.3%: 34.7% in Cape Town and 41.9% in Durban)
- Granting unpaid leave to employees (34.8%: 31.5% in Cape Town and 37.9% in Durban)
- Granting paid leave to employees (34.1%: 33.8% in Cape Town and 34.4% in Durban)

Employee adjustments with less than 30% of responses were:

- Ending the employment of employees/ retrenchments (29.4%: 31.1% in Cape Town and 27.8% in Durban)
- Reducing employment benefits offered (18.6%: 26.5% in Cape Town and 11% in Durban)
- Arranging for greater flexibility to work from home if staff employed (16.6%: 18.7% in Cape Town and 14,5% in Durban)
- Upskilling or training self and employees (16.6%: 21% in Cape Town and 12.3% in Durban)

It is important to note that the staff reductions emerge as being an important adjustment that supports earlier assertions that the trends on employment changes shown in Table 5.12 based on categories are indeed flawed because the results indicated generally no changes between the categories because the large categories did not permit changes to be captured within the categories. The results here show that staff losses experienced by many tourism SMMEs were associated with unpaid leave and retrenchments.

Chi-Square testing revealed significant differences for only two of the employee adjustments and the none category (p=.002) across the two locations: reducing employment benefits offered (p<.001) and upskilling or training self and employees (p=.014). For both the employee adjustments higher proportions of tourism SMMEs used these measures in Cape Town than in Durban. For the none category (p<.002), more tourism SMMEs in Durban did not make employee adjustments compared to Cape Town. It is important to emphasize, however, that for most employee adjustments, the Chi-Square testing revealed that there were similar responses in Cape Town and Durban with p values of more than .05. This reflects that in both locations, the options for employee changes were similar. The findings reinforce that among a stakeholder group (in this case CMT SMMEs), there are differences and similarities that are important to consider when developing intervention and recovery strategies.

Table 5.17: Employee adjustments used to keep the business going to deal with the COVID-19 disruptions (in %) (Multiple responses, yes responses only)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)	*P* value
None	11	21.6	16.4	.002
Reduced employment time/ working hours	59.8	54.6	57.2	.268
Reduced salaries/ wages	51.6	52.9	52.2	.789
Staff being quarantined/ self-isolating (staff or family member being ill or exposed to a virus)	34.7	41.9	38.3	.121
Granting unpaid leave to employees	31.5	37.9	34.8	.157
Granting paid leave to employees	33.8	34.4	34.1	.899
Ending the employment of employees/ retrenchments	31.1	27.8	29.4	.445
Reducing employment benefits offered	26.5	11	18.6	<.001
Arranging for greater flexibility to work from home if staff employed	18.7	14.5	16.6	.235
Upskilling or training self and employees	21	12.3	16.6	.014

The extent and diversity of the disruptions on employment, including termination as well as reduced hours and salaries, reveal that the COVID-19 pandemic impacts had and continue to have (noting that most SMMEs had not recovered fully) broad socio-economic consequences for staff. As noted earlier, the staff disruptions could have an impact on the reputation of the tourism sector as an employer, impacting staff recruitment and retention, especially given that disruptions are routinely experienced (such as extreme weather events and other disasters) that interrupt travel and tourism activities. The precarious nature of jobs in the tourism sector has already been noted in relation to high levels of contract/ casual/ part-time/ temporary jobs linked to seasonality and demand (Ioannides et al., 2021; Muñoz-Bullón, 2012; Rana et al., 2021). The implications of the reduction in the demand for tourism goods and services indicated earlier have consequences for jobs since it is evident in terms of employee changes, including ending employment, reducing the time of workers, and reductions in salaries. The increase and recovery in demand and consumption evident in relation to earlier results presented would assist in creating financial stability among tourism SMMEs that will enable them to limit employee disruptions and will, as recovery and growth in the sector continue, result in employment increasing again.

The lower responses for arranging for greater flexibility to work from home are unsurprising since, as noted by C4G (2020), Gudkov (2024) and Mishi et al. (2023), most tourism-related work and businesses are contact and experiential-based, and transitioning to remote working was often not

an option. In relation to the diffusion theory that guides this research, the importance of sector-specific dynamics is important to consider to particularly understand in terms of the typical stages for adoption (knowledge/ awareness of available technologies, persuasion to adopt, decision to adopt, adopt and confirmation of value of adoption) why some businesses are unlikely to even consider certain types of technologies/ innovations. The lowest responses were for upskilling or training self and employees. This was also expected since the dominant form of training in the tourism sector is on-the-job or work-integrated learning (Chimucheka, 2013). The results may also indicate that training was not a priority given the financial impacts that reduced resources, the reluctance to invest in the development of staff given that employees were being asked to work less or not to work which was linked to the unpredictability associated with the pandemic, and/ or that there was no need for training. The provincial tourism and investment promotion agency key informant noted that "the unpredictability of the respective waves and lockdown restrictions that follow has made it difficult to plan over the medium to long-term".

Despite the low responses to focus on upskilling and training to deal with the COVID-19 pandemic disruptions by the tourism SMMEs interviewed, capacity development and training were highlighted by the key informants as important interventions. Specifically, the provincial and tourism department key informant stated that the "repurposing, reskilling and re-orientation to other industries within the (tourism) sector" is critical and that "businesses that have shutdown can be assisted with start-up funding and also be retrained in line with the prevailing business conditions". The key informant from the higher education network/ association and the small business and entrepreneurship trainer indicated that South Africa would benefit from a national needs assessment for the tourism sector, focusing on specific tourism sub-sectors and areas identified by the industry for skills development. Additionally, this key informant noted the need for business education, which is vital for many businesses with mentorship to ensure sustainability. The national hospitality and tourism association key informant also identified structured mentorship for the development and growth of tourism SMMEs. Financial training, including the importance of business insurance, was also underscored. The higher education network/ association, small business and entrepreneurship trainer, and academic researcher key informants noted that training is often mismatched and that the pandemic disruptions create an opportunity to critically examine tourism skills needs.

The small business and entrepreneurship trainer key informant also provided details of an international program implemented by the German TUI Foundation, an independent charity focusing on using tourism for transformation and promoting good as noted by Johann (2022), that benefitted South Africans. The TUI Foundation offered a 6-month (a grant of R25 000 per month) training and coaching intervention. In total, 315 SMMEs (chosen from 14 000 applicants) from Egypt, Kenya, Mexico and South Africa (70) benefitted. The seventy beneficiary SMMEs from South Africa were selected to go to Berlin in March 2022 to facilitate market access and potential investment. The higher education network/ association key informant also provided an international example of a collaboration between South Africa and Ireland to develop the Tourism Education Gateway program to provide train for tourism students and professionals.

The national hospitality industry trade association key informant identified several international initiatives to assist tourism SMMEs as lessons for South Africa:

- Private sector business partners extended loans to help restaurants pay the landlords as they wanted their rentals. Other countries, such as the United Kingdom, had a moratorium on the landlords so businesses could not be evicted if they could not pay.
- Some European countries offered a bounce-back loan by providing interest-free loans to qualifying businesses, which they could repay over a period of 6 years.
- 'Eat-out-to-help-out' initiative to encourage people to support restaurants and eateries. People could eat at half price at any eatery on specific days. The shortfall money was reimbursed to the eating establishment by the government. An unintended consequence was that "people went to the places because of the cheap price which encouraged people to go to the place again when the prices were normal because they got a chance to experience dining in the expensive restaurant (independent or within a hotel)".
- Introduction of a furlough grant that paid out salaries that assisted the tourism industry in keeping people employed.

The national hospitality industry trade association key informant stated that the South African government "could have done this instead of wasting money on PPE, which led to corruption". This key informant acknowledged that the South African government also has a furlough initiative

"but it was poorly administered" and did not have a significant impact. Furthermore, the key informant reiterated that the government needs to pay more attention to unblocking administrative obstructions. The importance of government interventions (emphasized later when types of support accessed and needed are discussed) reinforces that government departments are definitive and expectant stakeholders who are perceived to have high value, power and legitimacy to assist SMMEs during times of severe disruptions.

Business changes to cope with the COVID-19 pandemic disruptions are prominent in the literature (Alonso et al., 2021; Giddy et al., 2022; Manniche et al., 2021; Sumantri and Rahmat, 2023; van Wyk and Venter, 2023). In relation to business changes identified, 17.5% (11% in Cape Town and 22.8% in Durban) of the respondents indicated none (Table 5.18). The main business changes identified by more than 40% of the SMMEs interviewed were:

- Suspending business activities not to incur costs (52%: 57.1% in Cape Town and 47.1% in Durban)
- Adjusting marketing strategies (such as lowering prices, special deals, etc.) (46%: 57.5% in Cape Town and 34.8% in Durban),

Business changes with less than 30% responses were:

- Agreeing with clients/ customers to postpone (but not cancel) activities until a future date (28%: 37.9% in Cape Town and 18.5% in Durban)
- Changing offerings/ products/ services (22.6%: 32.4% in Cape Town and 13.2% in Durban)
- Changing refunding/ cancellation policies (21.3%: 21.9% in Cape Town and 20.7% in Durban)
- Moving business activities, such as meetings and training, online/ virtual platforms (21.3%: 31.5% in Cape Town and 10.6% in Durban)
- Refunding clients/ customers (20.9%: 27.4% in Cape Town and 14.5% in Durban)
- Planning activities/ events that can be done at a later date after the crisis (20%: 28.3% in Cape Town and 11.9% in Durban)
- Introducing alternative services/ products (18.6%: 26.5% in Cape Town and 11% in Durban)

- Starting or changing to new business venture/s (16.4%: 22.8% in Cape Town and 10.1% in Durban)

The lower responses to moving online and using virtual platforms have been explained earlier in terms of the contact nature of tourism activities, as highlighted by Gudkov (2024). Other lower responses, such as refunding clients, introducing alternate services and products, and starting or changing to new business ventures, could also be linked to the lack of resources that limit the options available to tourism SMMEs. Additionally, the convention and events bureau key informant stated that when tourism SMMEs are capacitated, the importance of diverse products or income streams, as well as the impact of technology, especially in relation to the increased prominence of digital/ virtual spaces, are neglected. Despite the challenges, however, most tourism SMMEs were able to adapt and respond to the pandemic by adopting some form of business changes. Many SMMEs also used multiple business strategies.

Unlike employee adjustments where Chi-Square testing revealed significant differences for only two of the measures used, for business changes, significant differences were found for all the business changes (including the none category) across the two locations with p values of less than .05, except for changing refunding/ cancellation policies (p=.754). For the none category (p<.001), similar to employee adjustments, more tourism SMMEs in Durban did not make business changes compared to Cape Town. The more limited ability to respond and make business changes among the tourism SMMEs in Durban was further evident in that for all the measures adopted where significant differences were noted, Cape Town had higher proportions of tourism SMMEs that adopted these measures. Thus, Cape Town tourism SMMEs were generally more responsive in terms of business changes compared to Durban SMMEs, demonstrating higher levels of capability and adaptability to respond to the pandemic disruptions. Again, the importance of undertaking a comparative analysis emerges to better understand differences. The variations among tourism SMMEs are likely to influence the business strategies used to respond to disruptions.

Table 5.18: Business changes used to keep the business going to deal with the COVID-19 disruptions (in %) (Multiple responses, yes responses only)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)	*P* value
None	11	23.8	17.5	<.001
Suspending business activities not to incur costs	57.1	47.1	52	.036
Adjusting marketing strategies (such as lowering prices, special deals, etc.)	57.5	34.8	46	<.001
Agreeing with clients/ customers to postpone (but not cancel) activities until a future date	37.9	18.5	28	<.001
Changing offerings/ products/ services	32.4	13.2	22.6	<.001
Changing refunding/ cancellation policies	21.9	20.7	21.3	.754
Moving business activities, such as meetings and training, online/ virtual platforms	31.5	10.6	21.3	<.001
Refunding clients/ customers	27.4	14.5	20.9	<.001
Planning activities/ events that can be done at a later date after the crisis	28.3	11.9	20	<.001
Introducing alternative services/ products	26.5	11	18.6	<.001
Starting or changing to new business venture/s	22.8	10.1	16.4	<.001

The importance of business changes and agility were also noted by some of the key informants. The provincial tourism and investment promotion agency key informant emphasized diversifying business models and product offerings as well as streamlining business costs, indicating that marketing assistance as well as seed funding and saving schemes as emergency funds need to be provided to SMMEs to attract business and manage changes. The academic researcher key informant stated:

> SMMEs that are unable to make quick adjustments and respond to market and other changes will struggle to survive in the future. This is particularly important in the tourism and hospitality sector where there are high levels of competitiveness and customers, including tourists, have many options and look for the best deal, and engage with businesses who are willing to deal with disruptions by giving refunds, vouchers and accommodating date changes.

From the discussions thus far, financial challenges are the main issues associated with tourism SMMEs and COVID-19 pandemic impacts. The financial impacts were identified in the literature as the most devastating impacts of the COVID-19 pandemic on SMMEs generally (Alekseev et al., 2023; Belitski et al., 2022; Du et al., 2023; Honan et al., 2023) and on tourism SMMEs

specifically (Chukwuneme et al., 2023; Giddy et al., 2022; NDT, 2020a; Nhamo et al., 2020b; UNWTO, 2020b), triggering support provided by government (Assefa, 2023; Di Nola et al., 2023; Pieters, 2020; Viljoen and Maphosho, 2023), discussed later. In relation to financial alterations identified, 13% (7.3% in Cape Town and 18.5% in Durban) of the respondents indicated none (Table 5.19). It is important to note that the proportion of respondents who indicated none was lower than employee and business adjustments, denoting that more tourism SMMEs had to make financial changes, reinforcing that this was the main impact associated with the pandemic as noted in the literature. In terms of the DPSIR framework, the financial impacts are also illustrative examples of how different types of impacts on a system differ and how some types of impacts (in this instance the severe financial disruptions that dramatically affected revenue streams) can be a source of pressure to trigger other impacts and responses such as business operations and employee changes. The main financial alterations identified by more than 50% of the SMMEs interviewed were:

- Using business reserves or savings (64.8%: 72.1% in Cape Town and 57.7% in Durban)
- Using personal (including support from family) reserves or savings (54%: 53.9% in Cape Town and 54.2% in Durban),

The findings support the assertions in the literature (Abhari et al., 2022; Belitski et al., 2022; Duro et al., 2021; Mishi et al., 2023; Musavengane et al., 2023) that indicated that small businesses relied on personal and family/ social support to cope with the pandemic impacts. The use of business and personal reserves is also likely to have long-term impacts, reducing financial resources to invest in the business and increasing vulnerabilities in the future.

There were substantially fewer responses for the other financial strategies, indicating that there were limited financial options besides using business and personal funds for most of the tourism SMMEs. Financial alterations with less than 30% of responses were:

- Applying for a new loan, or an extension of a current loan (27.1%: 37% in Cape Town and 17.6% in Durban)
- Asking landlords and service providers for reduced rates or waivers on payments (20.6%: 33.3% in Cape Town and 8.4% in Durban)

- Getting relief funding from government sources/ applying for government funding (19.7%: 31.5% in Cape Town and 8.4% in Durban)
- Cancelled renovations, expansion, upgrades and/ or improvements (19.1%: 18.3% in Cape Town and 19.8% in Durban)
- Applying for relief resources from non-government sources (12.8%: 17.4% in Cape Town and 8.4% in Durban)
- Seeking donations/ crowdfunding from the public (7.8%: 11.9% in Cape Town and 7.8% in Durban)
- Sell/ vacate business premises (5.2%: 4.1% in Cape Town and 6.2% in Durban)

The results indicate that very few tourism SMMEs interviewed were able to source financial support and assistance from external sources, including the public and private sectors, as shown by Assefa (2023) and Di Nola et al. (2023) in relation to SMMEs generally. This could also reflect the widespread impacts of the COVID-19 pandemic on finances across sectors that limited capabilities to aid SMMEs. A few tourism SMMEs sold/ vacated business premises, which suggests that in some instances, substantial fixed assets were sacrificed to cope with the pandemic impacts.

Unlike employee adjustments but similar to most of the business changes, Chi-Square testing revealed significant differences for most of the financial alterations (including the none category) across the two locations with *p* values of less than .05, except for using personal (including support from family) reserves or savings (p=.949), cancelled renovations, expansion, upgrades and/ or improvements (p=.949) and sell/ vacate business premises (p=.949). This indicates that almost equal proportions of tourism SMMEs in both Cape Town and Durban used these measures. For the none category (p<.001), similar to employee and business adjustments, more tourism SMMEs in Durban did not make financial alterations compared to Cape Town. Similar to responses in relation to business changes, more tourism SMMEs in Cape Town were able to make financial changes compared to Durban for all the measures. Again, the findings suggest that Cape Town tourism SMMEs were better positioned to cope with the pandemic disruptions and had more options.

Table 5.19: Financial alterations used to keep the business going to deal with the COVID-19 disruptions (in %) (Multiple responses, yes responses only)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)	*P* value
None	7.3	18.5	13	<.001
Using business reserves or savings	72.1	57.7	64.8	<.001
Using personal (including support from family) reserves or savings	53.9	54.2	54	.949
Applying for a new loan, or an extension of a current loan	37	17.6	27.1	<.001
Asking landlords and service providers for reduced rates or waivers on payments	33.3	8.4	20.6	<.001
Getting relief funding from government sources/ applying for government funding	31.5	8.4	19.7	<.001
Cancelled renovations, expansion, upgrades and/ or improvements	18.3	19.8	19.1	.675
Applying for relief resources from non-government sources	17.4	8.4	12.8	.005
Seeking donations/ crowdfunding from the public	11.9	4	7.8	.002
Sell/ vacate business premises	4.1	6.2	5.2	.326

Chi-Square tests were undertaken to examine if there were significant differences in the categories of selected business profiles (specifically main type of tourism business, legal status of the business, number of persons permanently employed at the time of the interview, and the number of years the business was operational) and the employee (Table 5.20), business (Table 5.21) and financial (Table 5.22) changes/ adjustments made to cope with the pandemic disruptions within each of the case study sites. In relation to the employee adjustments, Chi-Square testing revealed significant differences across the profile variables for the none category with *p* values of less than .05, except for the number of years the business has been operational in Durban (*p*=.601). Generally, more restaurants, retail establishments, and transport businesses; informal establishments and PTY LTDs; businesses employing less than 10 persons; and businesses in operation for less than 10 years indicated none within Cape Town and Durban. Among the employee adjustments identified, those with the most significant differences detected between the profile variables chosen were granting paid leave to employees (significant differences for all variables and within both locations) and reduced employment time/ working hours (significant differences for all variables with the exception of the number of persons permanently employed at the time of the interview within Cape Town [*p*=.149] and the number of years the business has been operational within Durban [*p*=.630]). Other employee adjustments were notable significant

differences were evident were reduced salaries and wages (significant differences for all variables with the exception of the main type of tourism business within Cape Town [p=.056], the number of persons permanently employed at the time of the interview within Cape Town [p=.067] and the number of years the business has been operational within both locations [p=.131 in Cape Town and p=.701 in Durban]) and granting unpaid leave to employees (significant differences for all variables with the exception of the legal status of business [p=.221] and the number of persons permanently employed at the time of the interview [p=.456] within Cape Town and the number of years the business has been operational in Durban [p=.294]). For staff being quarantined/ self-isolating, significant differences were noted for all variables with the exception of the number of years the business has been operational (p=.114) within Durban, but within Cape Town, a significant difference was only found for the number of years the business has been operational (p=.002).

Fewer significant differences were noted for the other variables. It is important to highlight some of the locational differences. Specifically, in relation to ending the employment of employees/ retrenchments, significant differences were only found within Durban (p<.001 for the main type of tourism business, p=.006 for the legal status of business, and p<.001 for the number of persons permanently employed at the time of the interview) and none for within Cape Town. For arranging for greater flexibility to work from home if staff were employed, significant differences were found for the main type of tourism business within Durban (p=.045) and the number of years the business has been operational within Cape Town (p=.002). Only one significant difference was noted for reducing employment benefits offered and upskilling or training self and employees (p=.012 and p<.001 for the main type of tourism business, respectively), both within Cape Town. Generally, less formal and established businesses in the restaurant, accommodation, and retail areas that have been operational for a shorter and employed fewer persons used employee adjustments. This again reinforces the vulnerabilities of these types of businesses to disruptions. Of importance is that there are differences between the case study locations, underscoring the value of understanding context-specific dynamics and variances.

Table 5.20: Associations between selected business profile variables and employee adjustments at the two case study locations

	Main type of tourism business		Legal status of business		Number of persons permanently employed at the time of the interview		Number of years business has been operational	
	CT	D	CT	D	CT	D	CT	D
None	.009	<.001	<.001	<.001	.019	<.001	<.001	.601
Reduced employment time/ working hours	.006	.005	<.001	<.001	.149	<.001	.028	.630
Reduced salaries/ wages	.056	<.001	.037	<.001	.067	<.001	.131	.701
Staff being quarantined/ self-isolating (staff or family member being ill or exposed to a virus)	.056	.003	.311	<.001	.116	<.001	.002	.114
Granting unpaid leave to employees	.008	.002	.221	<.001	.456	<.001	.015	.294
Granting paid leave to employees	<.001	<.001	.002	<.001	.012	<.001	.002	.028
Ending the employment of employees/ retrenchments	.087	<.001	.822	.006	.456	<.001	.179	.464
Reducing employment benefits offered	.012	.052	.541	.656	.554	.161	.055	.309
Arranging for greater flexibility to work from home if staff employed	.054	.045	.107	.405	.246	.075	.002	.289
Upskilling or training self and employees	<.001	.743	.064	.885	.053	.278	.245	.802

KEY: CT: Cape Town D: Durban

In relation to business changes (Table 5.21), Chi-Square testing revealed varied significant differences for the none category with *p* values of less than .05 for some of the profile variables within Cape Town and Durban: *p*=.009 for main type of tourism business within Durban, *p*=.002 for legal status of business within Cape Town, *p*=.006 for the number of persons permanently employed at the time of the interview within Durban and *p*=.017 for the number of years business has been operational within Durban. Specifically, more accommodation, restaurants, and retail establishments; informal establishments and PTY LTDs; businesses employing less than 10 persons; and businesses in operation for less than 10 years indicated none. Among the business changes identified, those with the most significant differences found between the profile variables chosen were adjusting marketing strategies (with *p* values of less than .05 for all profile variables within the two case study locations), changing refunding/ cancellation policies (significant differences for all variables with the exception of the legal status of the business within Cape Town [*p*=.065]), planning activities/ events that can be done at a later date (significant differences for all variables with the exception of the number of persons permanently employed at the time of the

interview within Durban [*p*=.063]), moving business activities, such as meetings and training, online/ virtual platforms (significant differences for all variables with the exception of the main type of tourism business [*p*=.106] and the number of years the business has been operational [*p*=.084] within Durban), refunding clients and customers (significant differences for all variables with the exception of the legal status of business within Cape Town [*p*=.374] and Durban [*p*=.226] and the number of years the business has been operational within Durban [*p*=.226]) and agreeing with clients/ customers to postpone activities, changing refunding/ cancellation policies, moving business activities (significant differences for all variables with the exception of the number of persons permanently employed at the time of the interview within Cape Town [*p*=.372] and the number of years the business has been operational within Cape Town [*p*=.168] and Durban [*p*=.754]).

Significant differences were observed to a lesser extent among the remaining variables. It is important to highlight some of the locational differences. Specifically, in relation to suspending business activities not to incur costs, significant differences were only found within Durban for the main type of tourism business (*p*=.037), the number of persons permanently employed at the time of the interview (*p*=.011) and the number of years the business has been operational (*p*=.006). For starting or changing to new business venture/s, significant differences were found for the legal status of the business within Durban (*p*=.008) and the number of years the business has been operational within Cape Town (*p*=.041) and Durban (*p*=.002). For changing offerings/ products/ services, significant differences were found for the main type of tourism business (*p*=.043) and the number of years the business has been operational (*p*=.048) within Cape Town. For introducing alternative services/ products, significant differences were found for the number of persons permanently employed at the time of the interview within Durban (*p*=.005) and the number of years the business has been operational within Cape Town (*p*=.003).

Typically, larger and more established enterprises within restaurant, accommodation, and retail services with longer operational histories and more employees, tended to implement business changes. This resonates with the literature (Alekseev et al., 2023; Assefa, 2023; Di Nola et al., 2023; TOPCO, 2017) that shows that larger and more established businesses are better positioned to adopt business changes. This suggests that these types of businesses generally have the resources

and know-how to accommodate business changes. However, it is important to note that there are differences in relation to the profile variables, business changes, and locations in many instances that reverberate with the main contribution of this research which shows that it is important to examine location-specific differences as well as assess how characteristics of businesses may affect responsiveness and resilience among tourism SMMEs.

Table 5.21: Associations between selected business profile variables and business changes at the two case study locations

	Main type of tourism business		Legal status of business		Number of persons permanently employed at the time of the interview		Number of years business has been operational	
	CT	D	CT	D	CT	D	CT	D
None	.634	.009	.002	.219	.123	.006	.098	.017
Suspending business activities not to incur costs	.173	.037	.433	.435	.076	.011	.757	.006
Adjusting marketing strategies (such as lowering prices, special deals, etc.)	.011	.018	.007	.002	.008	<.001	<.001	.008
Agreeing with clients/ customers to postpone (but not cancel) activities until a future date	<.001	<.001	.005	.005	.372	.001	.168	.754
Changing offering/ products/ services	.043	.136	.089	.605	.665	.845	.048	.097
Changing refunding/ cancellation policies	<.001	<.001	.065	.024	.049	<.001	.005	<.001
Moving business activities, such as meetings and training, online/ virtual platforms	.106	.037	.022	<.001	.030	<.001	.003	.084
Refunding clients/ customers	<.001	<.001	.374	.226	<.001	.004	.043	.212
Planning activities/ events that can be done at a later date after the crisis	<.001	.003	<.001	.004	.007	.063	<.001	<.001
Introducing alternative services/ products	.246	.192	.978	.068	.890	.005	.003	.423
Starting or changing to new business venture/s	.325	.217	.078	.008	.320	.748	.041	.002

KEY: CT: Cape Town D: Durban

In relation to financial alterations (Table 5.21), Chi-Square testing revealed varied significant differences across most of the profile variables for the none category with *p* values of less than .05, except for the main type of tourism business (*p*=.223) and the number of persons permanently employed at the time of the interview (*p*=.296) in Cape Town and the legal status of the business

in Durban (p=.357). Similar to employee and business adjustment trends, more accommodation, restaurants, and retail establishments; informal establishments and PTY LTDs; businesses employing less than 10 persons; and businesses in operation for less than 10 years indicated none. Among the financial changes identified, those with the most significant differences found between the profile variables chosen (with p values of less than .05) were cancelled renovations, expansion, upgrades and/ or improvements (significant differences for all variables with the exception of the main type of tourism business within Cape Town [p=.123] and the number of years the business has been operational within Durban [p=.132]), using business reserves or savings (significant differences for all variables with the exception of the legal status of business [p=.139] and the number of persons permanently employed at the time of the interview [p=.225] within Cape Town and the number of years the business has been operational within Durban [p=.428]) and asking landlords and service providers for reduced rates or waivers on payments (significant differences for all variables with the exception of the legal status of business within Durban [p=.364], the number of persons permanently employed at the time of the interview within Cape Town [p=.306] and Durban [p=.111] and the number of years the business has been operational in Durban [p=.633]). Notably, more established and formal businesses were more likely to use business reserves or savings.

Significant differences were observed to a lesser extent among the remaining variables. It is important to highlight some of the locational differences. Specifically, in relation to getting relief funding from government sources/ applying for government funding, significant differences were found for the main type of tourism business within Cape Town (p=.010) and Durban (p=.002) (p=.037) and the number of years the business has been operational within Durban (p=.032). For using personal (including support from family) reserves or savings, significant differences were found for the number of persons permanently employed at the time of the interview (p=.010) and the number of years the business has been operational (p=.019) within Durban. For applying for a new loan, or an extension of a current loan, significant differences were found for the main type of tourism business within (p=.020) and the number of persons permanently employed at the time of the interview (p=.039) within Cape Town. For seeking donations/ crowdfunding from the public, significant differences were found for the main type of tourism business (p<.001) and the number of years the business has been operational (p=.044) within Cape Town. For applying for

relief resources from non-government sources, a significant difference was only found for the main type of tourism business within Durban (p=.005). No significant differences were found for selling/ vacating business premises.

It is interesting to note that, unlike employee and business adjustments, significant differences were observed to a lesser extent among the profile variables and financial changes used. As noted earlier, financial challenges were the most prominent that impacted most tourism SMMEs, which is evident in that for most variables, there were no significant differences, indicating that most tourism SMMEs, irrespective of their profiles and locations, used similar financial responses. This indicates that financial impacts, in particular, were experienced by most tourism SMMEs. Where significant differences were noted, generally restaurant, accommodation, and retail establishments that were more established and formal with more employees implemented financial changes that were similar to business adjustments. This again indicates the vulnerabilities of smaller and less formal SMMEs that have fewer financial options to deal with disruptions. Again, this trend further emphasizes the vulnerabilities of specific SMME businesses to disruptions. It is important to note that differences exist within the aggregate data as well as the case study locations, again highlighting the need to understand context-specific issues.

Table 5.22: Associations between selected business profile variables and financial alterations at the two case study locations

	Main type of tourism business		Legal status of business		Number of persons permanently employed at the time of the interview		Number of years business has been operational	
	CT	D	CT	D	CT	D	CT	D
None	.223	.010	.007	.357	.296	<.001	.014	.002
Using business reserves or savings	<.001	<.001	.139	<.001	.225	<.001	.022	.428
Using personal (including support from family) reserves or savings	.646	.055	.253	.742	.205	.010	.115	.019
Applying for a new loan, or an extension of a current loan	.020	.350	.232	.085	.039	.461	.738	.221
Asking landlords and service providers for reduced rates or waivers on payments	.020	.027	.005	.364	.306	.111	.002	.633
Getting relief funding from government sources/ applying for government funding	.010	.002	.149	.204	.689	.942	.937	.032
Cancelled renovations, expansion, upgrades and/ or improvements	.123	<.001	.011	.002	<.001	<.001	.002	.132
Applying for relief resources from non-government sources	.114	.005	.508	.093	.331	.115	.146	.253
Seeking donations/ crowdfunding from the public	<.001	.855	.982	.920	.905	.831	.044	.066
Sell/ vacate business premises	.455	.108	.976	.551	.527	.661	.689	.310

KEY: CT: Cape Town D: Durban

In relation to the open-ended question that probed if there were other strategies that the business/ establishment used or was using at the time of the interview that were not included in the Likert responses in the previous Tables, a few respondents (6.9%) identified additional strategies. Mainly responses related to changing operations such as starting food delivery services and having takeaways rather than sit-in services, closing some activities and/ or premises, changing the location of the business operations, merging with another business to reduce costs, changing suppliers, lowering the prices of goods, changing sales and advertising practices such as using the internet/ going online, and subcontracting vehicles and tourist guides. Some of the strategies identified relate to technological innovations that require further research to better understand the

reasons for non-adoption since some of the tools (such as virtual marketing) are in existence. Financial strategies were also noted, specifically borrowing money from other businesses. Another type of employee adjustment identified was staff flexibility to arrange for "staff to work one week on and one week off without salaries". The sale of assets was also indicated with one respondent stating that equipment was sold. Some respondents repeated aspects already covered in the previous Tables such as using personal savings or borrowing from friends and family. Additionally, some respondents identified support that they needed, specifically accessing government funding.

Respondents were asked if there were strategies that they would have liked to use but were unable to at the time of the interview. This question was included to cover aspects that show constraints experienced by businesses that prevent them from responding to disruptions or crises, even if they know what types of measures or interventions would assist them. Constraints have a major influence on capabilities as indicated by Croes et al. (2023), Manley (2020) and Robeyns and Byskov (2023), and include considerations of numerous factors, such as access to funding and information, limited technical know-how and skills, and infrastructural restrictions that affect the choices or options available. Close to half of the respondents (46%: 56.6% in Cape Town and 35.7% in Durban) indicated that there were strategies that they would like to use but were not able to do so at the time of the interview, with 54% (43.4 % in Cape Town and 64.3% in Durban) stating that they were no strategies that they would like to use. The Chi-Square testing revealed a significant difference in relation to whether there are strategies that SMMEs would have liked to use but were not able to do so at the time of the interview across the two case studies ($p<.001$), with more SMMEs responding in the affirmative in Cape Town compared to Durban. This is an interesting difference given that tourism SMMEs interviewed in Durban proportionately adopted fewer staffing, business, and financial adjustments and measures compared to Durban.

Among the respondents who indicated that there were strategies that they would like to use, the main reason for not being in a position to do so at the time of the interview was not having sufficient funding (25.6%: 36.1% in Cape Town and 15.4% in Durban) followed by not having the information to apply for funding/ seeking relief (18.8%: 16% in Cape Town and 21.6% in Durban), not qualifying for a loan or to extend current loan (15.9%: 22.4% in Cape Town and 9.7% in

Durban) and not having suitable alternative premises (15.7%: 23.3% in Cape Town and 8.4% in Durban) (Table 5.23). Responses with less than 10% were for lack of suitable business premises/ spaces outside the home (8.5%: 12.8% in Cape Town and 4.4% in Durban) and not having any or reliable internet access (7%: 8.7% in Cape Town and 5.3% in Durban). Other reasons for not being able to use strategies identified by one respondent each in Cape Town were "foreigners and businesses not supported", "no assistance for foreign businesses", "I don't know much about businesses, I do it to survive", "it is the pandemic that is making it difficult", "it is unlikely to get South Africans willing to use a travel agency to travel within South Africa" and "lack of imagination". One respondent in Durban stated, "still planning these strategies". It is interesting to note that similar to responses in relation to employee, business, and financial adjustments; more respondents in Cape Town identified reasons compared to Durban, with the exception of not having information to apply for funding/ seek relief. Knowledge of more options seems to be evident to a greater degree in Cape Town, again denoting higher levels of potential and existing responsiveness.

The low response in relation to internet connectivity varies from assertions in the literature that identify internet connectivity as a major constraint for SMMEs, especially in developing contexts such as South Africa (Booyens et al., 2020; C4G, 2020; Palhad et al., 2023; TOPCO, 2017). Lack of concern over reliable internet connectivity could be indicative of tourism SMMEs not being aware of how to use digital technology for marketing and other purposes. Additionally, this could also be attributed to the case studies being urban CMT locations, with both Durban and Cape Town, having sufficient internet infrastructure. Therefore, internet connectivity does not emerge as a concern raised by the respondents.

The key informants also raised issues pertaining to poor internet connectivity and the importance of technology advancements that are worth mentioning. For example, the consulting and enterprise development company key informant asserted that various training programs, such as the virtual mentorship program their company offered, could not be accessed by many SMMEs because of internet connectivity issues. This shows how external factors can hinder the diffusion of technology. The provincial tourism marketing agency key informant shared examples of using the COVID-19 pandemic to fast-track developing digital solutions for the tourism sector and other

related sectors, stating that KwaZulu-Natal Tourism introduced the Digital Transformation Program for SMMEs aimed at helping them digitize business operations. The Digital Transformation Program interventions included social media marketing, engagement with customers, and website optimization and digital solutions development to ensure compatibility for payment transactions. The Digital Transformation Program also included training in these areas.

Table 5.23: Reason/s if not able to use the strategies (in %) (Multiple responses)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
Not applicable	43.4	64.3	54
Do not have sufficient funding	36.1	15.4	25.6
Do not have the information to apply for funding/ seek relief	16	21.6	18.8
Do not qualify for a loan or to extend current loan	22.4	9.7	15.9
Do not have suitable alternative premises	23.3	8.4	15.7
Lack of suitable business premises/ spaces outside the home	12.8	4.4	8.5
Do not have any or reliable internet access	8.7	5.3	7
Foreigners and businesses not supported	0.5	-	0.2
I don't know much about businesses, I do it to survive	0.5	-	0.2
Ii is the pandemic that is making it difficult	0.5	-	0.2
It is unlikely to get South Africans willing to use a travel agency to travel within South Africa	0.5	-	0.2
Lack of imagination	0.5	-	0.2
No assistance for foreign businesses	0.5	-	0.2
Still planning these strategies	-	0.4	0.2

5.5. Support and recovery

The literature underscores the importance of government support for SMMEs to navigate disruptions and support them to be sustainable (Du et al., 2023; Roxas et al., 2020; SEDA, 2016; Tasnim et al., 2023). Furthermore, the government is viewed as a key stakeholder across the tourism value chain and in promoting SMME growth (González-Torres et al., 2021; Roxas et al., 2020; Tasnim et al., 2023). Additionally, as noted by Chukwuneme et al. (2023), NDT (nd), OECD (2020a), Pieters (2020) and Viljoen and Maphosho (2023), the government in South Africa developed interventions to support SMMEs and the tourism sector to cope with the pandemic disruptions. It is, therefore, important to examine the extent to which tourism SMMEs were aware of the support provided and if they benefitted from such support. The responses reveal that 54% (63% in Cape Town and 45.4% in Durban) of the tourism SMMEs interviewed were aware of government support being offered to businesses/ establishments like those of the respondents while

46% (37% in Cape Town and 54.6% in Durban) were not aware. The Chi-Square testing revealed a significant difference in relation to whether tourism SMMEs interviewed were aware of government support being offered across the two case studies (p<.001), with significantly more SMMEs being aware in Cape Town compared to Durban.

Key informants postulated possible reasons for tourism SMMEs not being aware of government support which included most SMMEs, especially micro-enterprises, not being aware of the information that was mainly provided by government departments or through the media. The academic researcher key informant stated:

> It is very possible that many tourism SMMEs may have heard about different types of support and programs but did not realize that these were for their types of businesses. This is a common communication challenge experienced when generic marketing or information dissemination is used that requires individuals or businesses to self-identify as needing support rather than identifying and approaching those that need support. This, unfortunately, means that many individuals and businesses that need support often do not access the support, even when available and they qualify for it.

While slightly more than half of the respondents were aware of government support being offered to businesses/ establishments in the tourism sector, Figure 5.6 shows that only 19.7% (27.9% in Cape Town and 11.9% in Durban) of the respondents indicated that their businesses qualified for the support being offered, with a further 18.4% (19.6% in Cape Town and 17.2% in Durban) stating that they did not know or were unsure. The latter response suggests that although aware, respondents were unclear of the specific details, including the criteria of who qualifies, of the support provided. This was also raised as a concern by the national SEDA key informant as well. Furthermore, 15.9% (15.3% in Cape Town and 16.3% in Durban) indicated that they did not qualify for the support provided. The Chi-Square testing revealed a significant difference in relation to whether tourism SMMEs, if aware, qualified for government support being offered across the two case studies (p<.001), with more SMMEs indicating that they qualified in Cape Town compared to Durban. This again indicates the differences between the two CMT locations, reinforcing that Cape Town tourism SMMEs were better positioned to respond to the pandemic, even being more aware of and qualifying for external (specifically, in this case, government) support. The results suggest that agencies that provide support to tourism SMMEs (including government at all levels, tourism organizations, and the private sector) need to develop effective

communication strategies to ensure that businesses are better informed about the support being provided. The national hospitality and tourism association key informant stated that communication is key to building relationships with organizations and stakeholders. This was supported by the national hospitality industry trade association key informant, who stated that the lack of communication resulted in a few people making decisions without engaging with the businesses, which resulted in "rules not being fit for purpose" and a "blanket approach" being adopted. For example, the arbitrary decisions about the number of persons in venues did not, according to this key informant, consider the differences among different types of businesses and venues. The aspect of effective communication is further elaborated on in the recommendations section of the next Chapter.

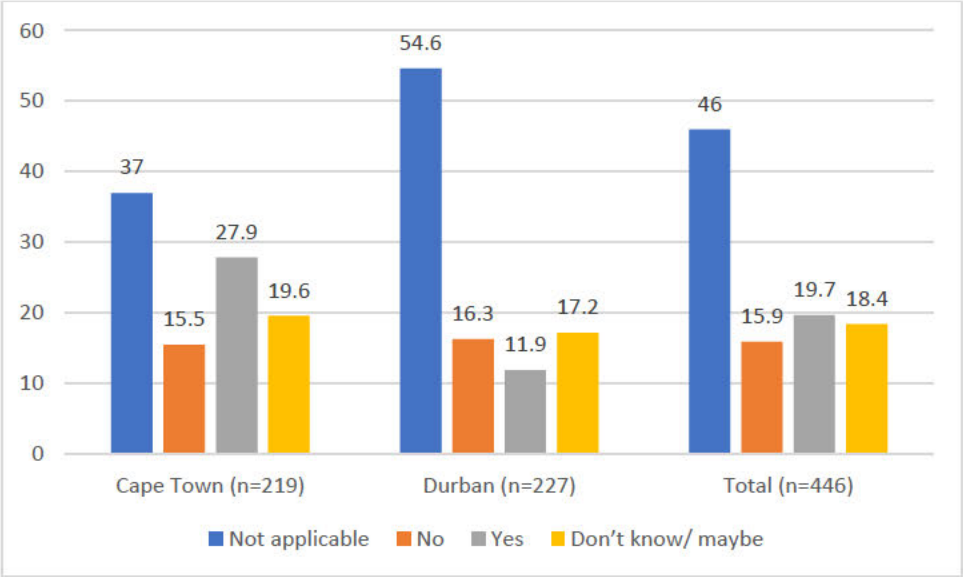


Figure 5.6: Did business qualify if aware of/ knowledgeable about government support being offered (in %)

Close to a third of the respondents (32.7%: 31.5% in Cape Town and 33.9% in Durban) stated that their businesses benefitted from some form of support to cope with COVID-19 pandemic-related impacts while the majority (63.5%: 68.5% in Cape Town and 58.6% in Durban) did not (Figure 5.7). A further 3.8% of the respondents (all in Durban – 7.5%) indicated that they were not sure. The findings resonate with earlier results and assertions by Aladejebi (2020), Belitski et al. (2022), Nyawo (2020) and Pieters (2020) that SMMEs generally were unable to access external support,

although financial support, in particular, was an important expressed need. The Chi-Square testing revealed a significant difference in relation to whether tourism SMMEs benefitted from any form of support to deal with COVID-19 pandemic-related impacts across the two case studies (p<.001), with more tourism SMMEs in Cape Town indicating that they did not benefit compared to Durban. It is important to note, however, that this could be because 7.5% of the respondents in Durban stated not sure. The affirmative responses were almost the same.

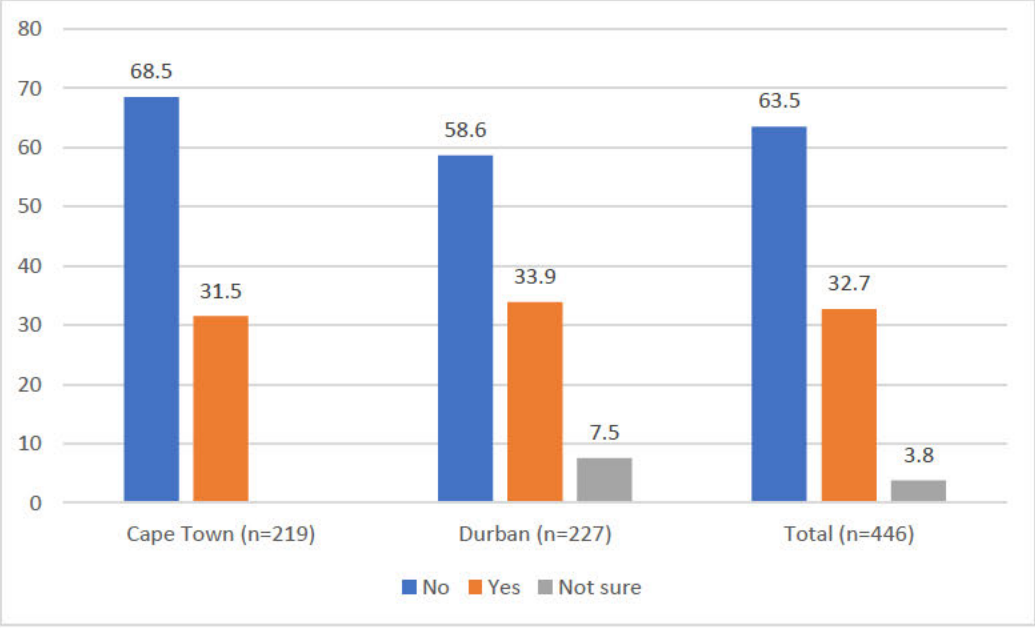


Figure 5.7: If the business benefitted from any form of support to deal with COVID-19 pandemic-related impacts (in %)

Chi-Square tests were undertaken to examine if there were significant differences in the categories of selected business profiles (specifically main type of tourism business, legal status of the business, number of persons permanently employed at the time of the interview, and the number of years the business was operational) and awareness of government support, if qualify for business support and if benefitted from any support, as presented in Table 5.24, within the two case study sites. For most profile variables, significant differences were noted with p values being less than .05 for awareness of government support, if qualified, and if benefitted from support provided. The exceptions were no significant differences if aware of government support being offered to SMMEs for the main type of tourism business within Cape Town (p=.077) and Durban (p=.150)

and the number of years the business has been operational within Durban (p=.264). For if qualify for business support, there were significant differences for all the profile variables chosen except for the main type of tourism business (p=.088) and the number of years the business has been operational (p=.385) within Durban. For if benefitted from any support, there were significant differences for all the profile variables chosen except for the number of persons permanently employed at the time of the interview (p=.152) and the number of years the business has been operational (p=.175) in Durban.

There were differences noted between Cape Town and Durban, with Durban having more p values being more than 0.05, denoting that significant differences were not detected. In terms of awareness of government support being offered to SMMEs, where significant differences were noted these were generally associated with accommodation, restaurant, and tourism activities/ operators/ agencies that were CCs and PTY LTDs, employed more than 10 persons, and were operational for more than 10 years being more likely to be aware of government support provided. In terms of whether the tourism SMMEs qualify for business support, accommodation, restaurant, and tourism activities/ operators/ agencies that were sole proprietary with less than 10 employees and operating for more than 2 years were more likely to indicate that they qualify for the support provided. In relation to whether businesses benefitted from any support, more cultural tourism businesses, restaurants, and tourism activities/ operators/ agencies that were CCs and PTY LTDs with more than 10 employees and operating for more than 5 years benefitted.

Table 5.24: Associations between selected business profile variables and aspects of government support

	If aware of government support being offered to SMMEs		If qualify for business support		If benefitted from any support	
	CT	D	CT	D	CT	D
Main type of tourism business	.077	.150	.043	.088	.035	.034
Legal status of business	<.001	.012	<.001	.013	<.001	.558
Number of persons permanently employed at the time of the interview	.042	<.001	.029	.006	.025	.152
Number of years business has been operational	<.001	.264	.003	.385	.031	.175

KEY: CT: Cape Town D: Durban

The results suggest that more formal and established businesses were aware of and likely to benefit from government support, indicating that the most vulnerable (informal/ not registered, operating for fewer years, and having fewer employees) are less likely to be aware of or benefit from support. This is disconcerting since previous results and the literature (Abhari et al., 2022; Belitski et al., 2022; Mishi et al., 2023; Musavengane et al., 2023; Sobaih et al., 2021) indicate that smaller, more informal businesses are more vulnerable and likely to need external assistance. This contradiction suggests that tourism businesses that needed the support the most may not have received the assistance provided because of unwieldy administrative processes and criteria to qualify (especially being registered) may have resulted.

Similar concerns were raised by the key informants, with most indicating that government support was generally ineffective and inadequate. The academic researcher key informant stated that "while government intentions were laudable, the communication of the support programs and how to apply, and seek assistance if needed, meant that most small businesses that need the support the most, were either not aware of the support or could not successfully apply to get the support". Additionally, the small business and entrepreneurship trainer key informant mentioned the "governments lack of agility in providing timely support to the sector which was selective". This key informant also indicated that although the provision of R50 000 each to a select group of SMMEs (indicating 4 000) was "swift and efficient"; it was not deemed to be strategic, lacked a holistic and sustainable approach, did not consider future impacts of the funding provided, and did not feed into a clear and structured rehabilitation plan for the sector. Similar sentiments were expressed by the convention and events bureau key informant in relation to government financial support provided:

> A number of the SMMEs were unable to apply for financial assistance such as the UIF or TRS because they did not possess relevant paperwork. This includes tax return documentation and proving that they own these businesses. Freelancers in the sector also did not receive proper relief funds since they are not registered anywhere. This means we have lost some important skill sets such as photographers and tour guides as there are risks associated with job security for them.

This key informant further stated that the type of support and the limitation thereof in relation to tourism SMMEs is because this sector is "least regulated and structured compared to others". The consulting and enterprise development company key informant stated that "the success of the

SMMEs was measured by the resilience of the businesses, those that continued to function and adapt" because there was limited, if any, support provided and when provided was not sufficient in terms of what the businesses needed, especially in terms of funding. Interestingly, this key informant together with one of the national department key informants were of the opinion that support for SMMEs provided by the private sector was more effective, asserting that some tourism SMMEs were sponsored by banks through their enterprise development programs, although they were not in a position to repay loans. Innovative interventions were also noted by the key informant who stated that one of the banks provided a new platform for SMMEs (Money Message) that permitted business owners to monitor their finances and make business transactions using their cell phones, thereby improving financial systems, and increasing ease of use. Another example of private sector support provided was companies donating PPE to the SMMEs to ensure COVID-19 health and safety compliance. One of the national government key informants also supported the position that the government was:

> …unable to respond and support all businesses. The State is not flexible enough to respond at all times needed to provide the support and is really not agile to respond in that manner.

The other national department key informant also provided examples of private sector support:

> From the private sector perspective, they rallied around knowledge dissemination, publishing information on updated regulations, and fighting on behalf of their members. The Stellenbosch restaurants, for example, built credit points that were used with partnering restaurants. Donations for restaurants and their staff and other local campaigns were taking place.

The results in this study suggest that many tourism SMMEs did not benefit from these private sector initiatives, reiterating that specific times of businesses were better connected to resources and to work together to support each other. Additionally, the small business and entrepreneurship trainer key informant stated that there was "limited support from financial institutions to restructure business loans and tourist vehicle installments".

Among those who did receive support, multiple organizations/ institutions that provided the support were identified with a few (3.8% - all in Durban) not responding or indicating that they were not sure (Table 5.25). The main organizations/ institutions identified were other national

government departments than the NDT (20%: 22.8% in Cape Town and 17.2% in Durban), the NDT (which is also national) (7.6%: 11.4% in Cape Town and 4% in Durban), local government departments (5.6%: 1.8% in Cape Town and 9.3% in Durban), and provincial government departments (4.7: 4.1% in Cape Town and 5.3% in Durban). The results indicate the dominance of the public sector in providing support, reinforcing assertions in the literature by Belitski et al. (2022), Du et al. (2023) and Zvaigzne et al. (2023) that the government is a key stakeholder in assisting SMMEs to deal with disruptions. The dominance of public sector support was questioned by the academic researcher as unlikely to be sustainable, especially in the South African context where "government funding is limited and there are numerous socio-economic competing demands". It is interesting to note that more respondents in Cape Town compared to Durban received national government support while more respondents in Durban compared to Cape Town (although much fewer) received local and provincial support. Other organizations/ institutions identified by less than 3% of the respondents were banks/ financial institutions, tourism organizations, philanthropic organizations (religious bodies, charitable organizations, etc.), the public via donations/ crowdfunding, and the private sector (not tourism businesses). Two respondents in Cape Town stated the COVID relief fund (essentially government funding). One respondent each in Cape Town also identified government departments, specifically the Department of Forestry, Fisheries and the Environment and the Northern Cape Economic Development, Trade and Investment Promotion Agency. The lack of private sector support may reflect the extent to which businesses and organizations in the private sector also experienced the negative impacts of the COVID-19 pandemic.

Table 5.25: Organizations/ institutions that provided the support if business benefitted from any form of support to deal with COVID-19 pandemic-related impacts (in %) (Multiple responses)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
Not applicable	68.5	58.6	63.5
Not sure/ no response	-	7.5	3.8
Other national government departments	22.8	17.2	20
NDT (national)	11.4	4	7.6
Local government departments	1.8	9.3	5.6
Provincial government departments	4.1	5.3	4.7
Tourism organizations	0.9	3.1	2
Banks/ financial institutions	3.7	0.4	2
Private sector (not tourism businesses)	1.8	-	0.9
Philanthropic organizations (religious bodies, charitable organizations, etc.)	0.5	1.3	0.9
The general public via donations/ crowdfunding	0.9	0.4	0.7
COVID relief fund	0.9	-	0.4
Private sector (tourism businesses)	-	0.4	0.2
Department of Forestry, Fisheries and the Environment	0.5	-	0.2
Supported was granted by the Northern Cape Economic Development, Trade and Investment Promotion Agency	0.5	-	0.2

Among those who did receive support, the type of support/ relief fund benefitted from is shown in Table 5.26, with a few (2% - again all in Durban) not responding or indicating that they were not sure. The most prominent response with almost all the respondents who indicated that support was received was the COVID-19 UIF Temporary-Employee Relief Scheme (TERS) (29.4%: 22.4% in Cape Town and 36.1% in Durban). The COVID-19 Tourism Relief Fund for SMMEs was identified by 8.5% (13.7% in Cape Town and 3.1% in Durban). More respondents in Durban stated UIF TERS while more respondents in Cape Town indicated COVID-19 Tourism Relief Fund for SMMEs, again revealing locational differences. Other types of support identified by one or two respondents in Cape Town were the private sector and government, COVID relief fund, donations from people, benefits from the Northern Cape Economic Development, Trade and Investment Promotion Agency (as noted earlier), and not from government. One respondent each in Durban stated food parcels after the unrest, low-interest loan, provincial support, and food during the riots. The impacts of the social unrest experienced in July 2021 were noted by the key informants as well with the consulting and enterprise development company key informant stating that many SMMEs suffered during the riots and needed business and personal (especially the provision of

food) support. The prominence and reliance on public funding emerged again and was reiterated by one of the national department key informants who stated that although the government provided financial and non-financial support to SMMEs, the financial was the largest. This key informant, together with the national small business development agency key informant, stated that the main forms of non-financial support included the incubator program, webinars, workshops, training, and seminars that were provided. The workshops, for example, were international and showed how the global community came together to share "ideas with each other across borders on how other businesses are surviving".

The national small business development agency key informant stated that incubation is an important space for mentoring and training, identifying collaboration with educational institutions as being key for training purposes. The consulting and enterprise development company key informant also identified non-financial support such as providing grocery vouchers to owners of businesses that did not have any income. The provincial tourism marketing agency key informant noted that provincial tourism marketing agencies provided workshops and training to SMMEs on how to comply with the tourism safety protocols developed by the sector TBCSA. The provincial tourism department key informant stated that "adhering to these protocols is critical for the sector in learning to operate within the pandemic and avoiding further restrictions; this is also in line with how other sectors are responding to the pandemic". The reliance on public funding is problematic since, as noted by the provincial tourism and investment promotion agency key informant, the government is persistently experiencing budgetary restrictions and is often forced to reprioritize funding (the COVID-19 pandemic being a case in point since substantial funding was shifted to deal with the health issues). This means that there is limited (and unreliable funding) that is available from government coffers.

Table 5.26: Type of support/ relief fund business was able to access if benefitted from any form of support (in %) (Multiple responses)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)
Not applicable	68.5	58.6	63.5
Not sure/ no response	-	4	2
COVID-19 UIF TERS	22.4	36.1	29.4
COVID-19 Tourism Relief Fund for SMMEs	13.7	3.1	8.5
Private sector and government	0.9	-	0.4
COVID relief fund	0.5	-	0.2
Food parcels after unrest	-	0.4	0.2
From donations of people	0.5	-	0.2
Benefitted from the Northern Cape Economic Development, Trade and Investment Promotion Agency	0.5	-	0.2
Low-interest loan	-	0.4	0.2
Not from government	0.5	-	0.2
Provincial support and food during riots	-	0.4	0.2

The key informants also indicated different types of support offered, providing specific examples in some instances. For example, one of the national department key informants indicated that they "kept open communication with the women SMMEs especially", having WhatsApp groups for regular communication. A database for hotels was also created that permitted service providers to provide meals and accommodation for those people who could not leave South Africa because of the restrictions imposed. The national key informant also indicated that as the realization set in the pandemic would be protracted, the government department:

> …moved on to addressing needs such as exposing them to other skills such as social media use, making sure that our businesses stayed relevant, and helping them with home affairs issues. We proceeded to set up 'Ubuntu beds' that helped frontline workers who were afraid of going home after being exposed to the virus to have a place to sleep. This allowed hotels and bed and breakfast establishments to fill their beds.

The provincial tourism and investment promotion agency key informant also indicated that "many accommodation establishments, for example, registered to provide accommodation and support for quarantine and isolation requests". This shows how the government's response to the pandemic created demand in the accommodation sector. It would be interesting to undertake research to examine which types of establishments benefitted from this type of initiative. It is also important to note that the 'Ubuntu beds' were funded with donations from the corporate/ private sector. The

other national department key informants that some of the accommodation facilities "adapted such as hotels turned into temporary student accommodations". This key informant further stated that initially, smaller businesses specifically were taken by surprise because they were "not part of private sector bodies and associations" with limited access to external support and information, particularly the funding opportunities offered. However, the key informant noted adaptability and innovation:

> A number of people branched out of their everyday set of skills and became innovative by shifting to providing a new product within the tourism sector. In the following phase, those that did not completely disappear changed their pricing models, and the knowledge of being better prepared has spread out, and businesses such as insurance are benefitting in plans for future shocks.

This is evident in this study with the results showing pathways to recovery. However, SMMEs' ability to adapt and cope with the pandemic disruptions differed because of the diversity among the businesses as well as the capabilities and resources available. Additionally, as noted earlier, some businesses were unable to recover.

Among the respondents who received support, most (24.9%: 24.2% in Cape Town and 25.6% in Durban) responded positively, stating that the support provided was adequate/ helpful for their businesses (Figure 5.8). Only a few respondents (9.4%: 6.8% in Cape Town and 11.9% in Durban) indicated that the support provided was not sufficient with 2.5% (two in Cape Town and 2.5% in Durban) not responding. The positive perception of the support among those who received assistance is clearly discernible and could be viewed as challenging assertions made by the NDT (nd) and Pieters (2020) that funds were inadequate. It is important to note that the majority of tourism SMMEs did not receive any support. Additionally, as noted earlier, focusing on those who received funding may misrepresent the situation because of the complicated process. This group would have been successful beneficiaries and that in itself is a positive outcome.

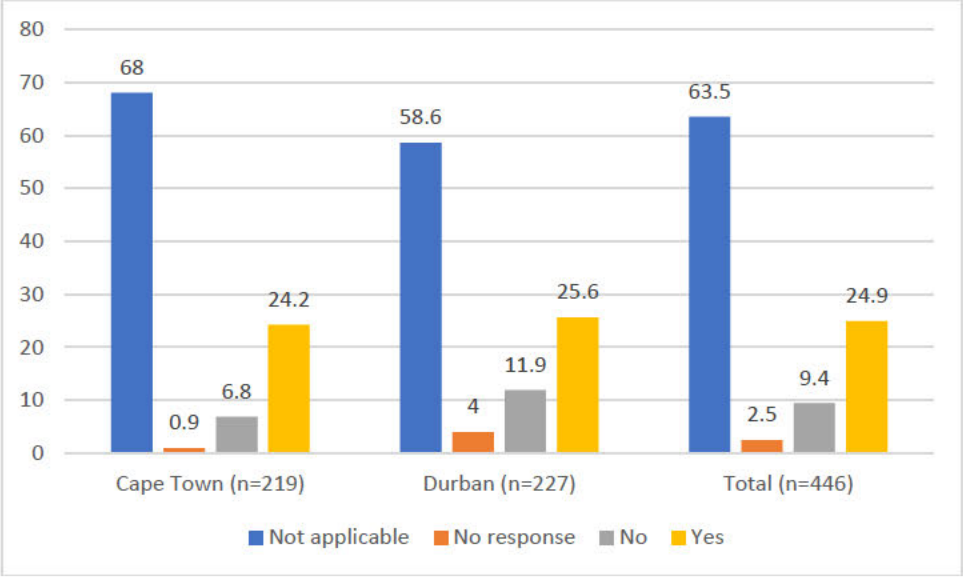


Figure 5.8: Was support adequate/ helpful if accessed (in %)

A few respondents (14.8%) provided reasons to an open-ended question about why support accessed was not adequate/ helpful. The main reasons identified were that the funding was inadequate and that the duration of the funding was insufficient. Issues were also raised in relation to the application process including not being able to access sufficient information and difficulties to apply. Additionally, some of the respondents indicated that they applied but were either still waiting for feedback at the time of the interview or were not successful. Administrative and other forms of inefficiencies were also indicated by the key informants, such as the consulting and enterprise development company key informant, who noted that "the administration of such funds took longer to be processed. As a result it took a while for SMMEs to access such funding". These are discussed in more detail later as well.

Respondents who indicated that they did not access support from external sources to assist with the COVID-19 impacts were asked to provide reason/s, with a notable proportion not responding (28.9%: 28.3% in Cape Town and 29.5% in Durban) (Figure 5.9), which may be indicative of not being sure rather than not needing support. The main reasons forwarded were being unaware that support was available (30%: 29.7% in Cape Town and 30.4% in Durban), did not qualify/ meet criteria (19.1%: 20.5 % in Cape Town and 17.6% in Durban), and experiencing difficulties to apply (17.3%: 14.6% in Cape Town and 19.8% in Durban). Fewer respondents stated that they applied

but were not successful (8.1%: 6.8% in Cape Town and 9.3% in Durban) and applied and awaiting a response (5.6: 6.8% in Cape Town and 4.4% in Durban). The responses reverberate with those of the NDT (nd) and Pieters (2020) that refer to lengthy and unwieldy administrative processes as well as the criteria excluding some tourism SMMEs.

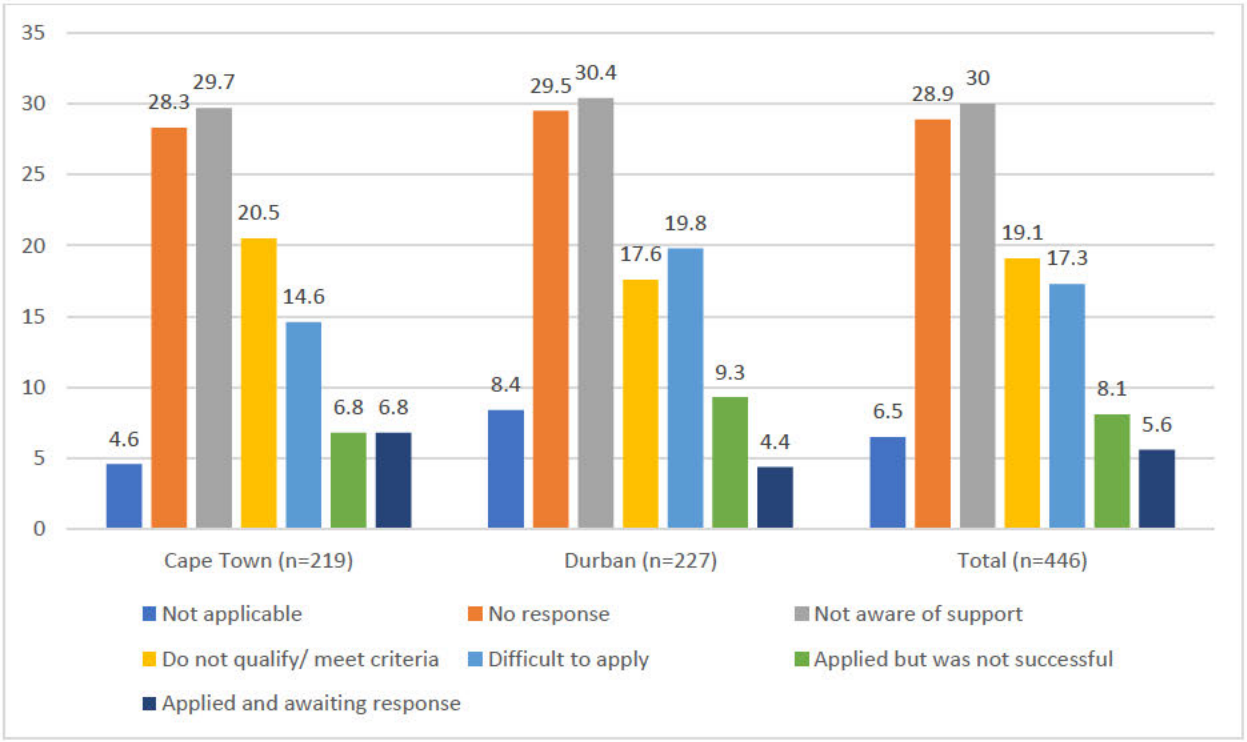


Figure 5.9: If no support was accessed from external sources to assist with the COVID-19 impacts, reason/s for not getting the support (in %) (Multiple responses)

The key informants (especially the academic researcher, provincial tourism department, national small business development agency key informant, the national hospitality and tourism association key informant, and provincial tourism marketing agency key informants) highlighted that the funds allocated to assist tourism SMMEs were inadequate to accommodate the needs in the sector. They also noted that the minimum criteria (such as financial statements, UIF requirements, and tax compliance) were put in place without fully understanding the characteristics of many SMMEs. The national hospitality and tourism association key informant stated that the government had "no sense of understanding the tourism businesses, which led to not knowing how to deal with the

pandemic", including not having "lines of communication in place or proper communication with each business segment". This informant further stated that the lack of government leadership and direction led to the industry having "to develop its own protocols, external/ private organizations/ organization, especially big businesses, had to take the lead – which may mean that the industry is left in the hands of a single body that does not represent everyone and their interest, more specifically SMMEs". The key informant stated that a high level of engagement that should have been convened by the NDT would have circumvented some of the challenges experienced and ensured collaboration between the various stakeholders.

Similar sentiments were expressed by one of the national department key informants, who stated that more flexibility and understanding are needed to be responsive to businesses in the tourism sector. This key informant also stated emphatically in relation to the tourism relief fund that "the requirements that were in place for people to access this money were ridiculous". Additionally, even among those who met the requirements, the processes to follow did not cater to most tourism SMMEs. The other national department key informant that the tourism relief funding was misplaced:

> It was a wrong response in that one-man operators with one or two staff members would be useful in paying salaries and keeping afloat for a few months while businesses with more than 10 employees could not rely on the R50 000 to keep their businesses going. A more meaningful benefit could have been developed based on need, and it did not necessarily have to be a financial kind of support.

One of the national department key informants also underscored that the lack of awareness of support available speaks to ineffective ways to communicate. This again echoes earlier assertions that there is a need for an effective communication strategy geared towards tourism SMMEs and other key stakeholders.

In terms of the different kinds of support that respondents perceived would be useful to the business and the tourism sector more generally to recover from the COVID-19 pandemic impacts, almost all the respondents (91.7%: 95.9% in Cape Town and 87.7% in Durban) identified several types of support, with many indicating multiple responses (Table 5.27). The main types of support identified by more than 50% of the SMMEs interviewed were:

- Provision of PPE such as masks and sanitizers (56.1%: 53% in Cape Town and 59% in Durban)
- Advice/ training on business recovery and strategy (53.8%: 60.3% in Cape Town and 47.6% in Durban)
- No interest grants/ cash transfers (52.7%: 55.3% in Cape Town and 50.2% in Durban)

Types of support that had proportions of less than 50% were:

- Low interest/ subsidized loans or bridging finance (46.4%: 57.1% in Cape Town and 36.1% in Durban)
- Advice/ training on how to deal with stress/ anxiety (41.7%: 44.7% in Cape Town and 38.8% in Durban)
- Advice/ training on health and safety precautions (41%: 45.7% in Cape Town and 36.6% in Durban)
- Online/ virtual training opportunities for business (40.1%: 54.8% in Cape Town and 26% in Durban)
- Relief from paying employee contributions to the UIF (38.6%: 44.3% in Cape Town and 33% in Durban)
- Sharing of best practices from other businesses (36.1%: 46.6% in Cape Town and 26% in Durban)
- Rollover of debt payments, deferral of credit payments or suspension of interest payments (34.3%: 42.5% in Cape Town and 26.4% in Durban)
- Deferral or mortgage, rent or utility payments (33%: 37.9% in Cape Town and 28.2% in Durban)
- Non-financial support, such as management or legal advice and loan application assistance (30.5%: 34.7% in Cape Town and 26.4% in Durban)
- Deferment of tax (29.1%: 34.2% in Cape Town and 24.2% in Durban)

Chi-Square testing revealed significant differences in relation to the kinds of support that could be useful to the business and the tourism sector more generally to recover from the COVID-19 pandemic impacts across the two locations for all types of support (*p* values less than 0.05), except for provision of PPE such as masks and sanitizers (*p*=.197), no interest grants/ cash transfers

(*p*=.287) and non-financial support, such as management or legal advice and loan application assistance (*p*=.058). In terms of the types of support where significant differences were noted, in all instances, there were more responses among Cape Town tourism SMMEs interviewed compared to those in Durban. Locational differences are again evident.

Table 5.27: Kinds of support that be useful to the business and the tourism sector more generally to recover from the COVID-19 pandemic impacts (in %) (Multiple responses, yes responses only)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)	*P* value
None	4.1	12.3	8.3	.002
Provision PPE such as masks and sanitizers	53	59	56.1	.197
Advice/ training on business recovery and strategy	60.3	47.6	53.8	.007
No interest grants/ cash transfers	55.3	50.2	52.7	.287
Low interest/ subsidized loans or bridging finance	57.1	36.1	46.4	<.001
Advice/ training on how to deal with stress/ anxiety	44.7	38.8	41.7	.200
Advice/ training on health and safety precautions	45.7	36.6	41	.051
Online/ virtual training opportunities for business	54.8	26	40.1	<.001
Relief from paying employee contributions to the UIF	44.3	33	38.6	.015
Sharing of best practices from other businesses	46.6	26	36.1	<.001
Rollover of debt payments, deferral of credit payments or suspension of interest payments	42.5	26.4	34.3	<.001
Deferral or mortgage, rent or utility payments	37.9	28.2	33	.029
Non-financial support, such as management or legal advice and loan application assistance	34.7	26.4	30.5	.058
Deferment of tax	34.2	24.2	29.1	.020

The dominance of financial assistance reverberates with the main study findings emerging that financial support is important for tourism SMMEs to deal with major disruptions such as the COVID-19 pandemic, with serious implications for the financial stability and sustainability of tourism SMMEs. Earlier results also indicate government financial support is critical to assist these businesses when disruptions are experienced. The responses reflect the dominant need for various types of financial support (including grants, loans, and foregoing or reducing payments) articulated by tourism SMMEs to recover from the COVID-19 pandemic, indicative of the financial plight of these businesses as a result of the pandemic. As indicated earlier, financial considerations and the importance of funding, in particular, to support tourism SMMEs were highlighted by all the key informants, with the provincial tourism marketing agency and academic researcher key informants specifically noting private and public sector financial support for the tourism sector. The academic

researcher key informant stated that “the reliance on public sector assistance is unsustainable because government does not have the financial resources and resources available are inadequate. Innovative ways of providing financial assistance to SMMEs during periods of distress need to be looked into by both the public and private sectors”. The convention and events bureau key informant also cautioned against the reliance on providing funding to assist tourism SMMEs to cope with disruptions, advocating that what is needed is for these businesses to be helped to be ‘plugged in’ or connected because “they do not necessarily need money to become sustainable but opportunities”. The example provided is that if there is a conference, tourism SMMEs should not only be included as exhibitors but be included as suppliers as well.

Some other important issues are worth mentioning. For example, the prominence of the provision of PPE has now subsided since the COVID virus is currently under control but indicates that for tourism SMMEs, dealing with health and safety concerns is a crucial priority. This is expected since, as noted earlier, the tourism sector generally, and tourism businesses, in particular, are mostly contact-based, requiring PPE to ensure the safety of staff and customers when there are concerns regarding the transmission of diseases. The need for PPE at the time of the interview (when the pandemic was still of concern) could also reflect the understanding among many tourism SMMEs that the recovery of their businesses would be faster when the pandemic (in terms of infections) was controlled. The results also suggest that tourism SMMEs are realizing that customers need to feel that businesses are paying attention to health issues.

In terms of earlier results, very few respondents indicated training as an employee adjustment adopted to cope with the pandemic, yet it is identified here as a key area of support, especially in relation to business recovery. This suggests that while training is essential, this is either not being sufficiently provided or training provided to SMMEs does not align with needs. The importance of training for tourism SMMEs (including online/ virtual training opportunities for businesses as well as sharing of best practices from other businesses which is a form of peer learning) is aligned with assertions by Chimucheka (2013), Numkoo et al. (2020), Nzama (2023), Parihar and Mishra (2023) and Rambe and Mosweunyane (2017). The results reveal a desire among tourism SMMEs to build internal capacity so that they can cope better with the pandemic impacts and prepare for imminent disturbances. Training and capacity development was also emphasized by the key

informants, notably the academic researcher, the higher education network/ association, and the small business and entrepreneurship trainer key informants who indicated that training will be central to repositioning tourism SMMEs to respond to existing and new demands in the sector as well as deal with future changes. The provincial tourism and investment promotion agency key informant identified a multi-pronged approach to build business capacity by focusing on "diversifying product offerings and business models, marketing assistance to attract business and ways to streamline business costs".

Open-ended questions probed if there were any additional types of support/ interventions that could assist their business and/ or the tourism sector more generally to recover from COVID-19 pandemic impacts. Most of the responses reiterated the need for financial support and to permit unrestricted travel. The importance of promoting tourism, especially encouraging locals to travel/ domestic tourism, was noted. Other responses not covered previously identified by a few of the respondents were financial literacy and business support workshops, private sector investments, encouraging vaccination, providing therapy to deal with the stress, learning from other countries to be able to identify best practices, assisting with tourism marketing and more exposure for tourism SMMEs. Broader aspects pertinent to the South African context were also identified, including fighting corruption and crime, reducing electricity and fuel prices, curbing social unrest, and dealing with energy disruptions, such as providing energy grants to purchase generators to deal with loadshedding. Tasnim et al. (2023) indicate that aspects such as security and safety, amenities and facilities, and cleanliness are key factors that influence how visitors perceive a tourism destination and its reputation. Funding and promoting travel were re-emphasized by the respondents. Incentives to promote local travel were highlighted by the key informants. For example, the small business and entrepreneurship trainer key informant provided numerous ways to incentivize travel including developing and supporting local tours to key tourist, cultural and historic destinations; reducing the costs of accommodation and tour packages to encourage travel; and connecting tourism providers with accommodation and products such as the Locals who Wander project. The focus on promoting domestic tourism is evident.

One of the national department key informants asserted that the measures and interventions that helped to support tourism SMMEs were generally ineffective, suggesting that they be improved in the future and the implementation can be enhanced as well. The provincial tourism department key informant shared similar statements, indicating that current interventions can be very impactful if effectively implemented. This key informant further stated, as evident from the results, that the financial support provided had limited impacts and only helped a small number of tourism businesses. Because larger and more established businesses utilize SMMEs as service providers and, on their own, employ a large number of people, the decisions taken not to support specific types of businesses (including large businesses) were viewed as problematic. This is an important point since, although the focus of this study is on tourism SMMEs, it is imperative that the interactions and connections with the large businesses, as well as those outside the tourism sector, be paid attention to since these businesses have an impact on tourism SMMEs. Furthermore, as will be elaborated later, established businesses can have catalytic impacts that can have positive outcomes for smaller businesses. In terms of businesses that were excluded from government support, the small business and entrepreneurship trainer key informant referred to the "marginalization of white-owned tour operators who were equally impacted on by the pandemic" which was viewed as being problematic.

The national small business development agency key informant, together with the provincial tourism department key informant, encouraged that private sector-driven mentorship programs be centralized (including having business incubation programs) as well as eliminating socio-economic barriers to growth such as high levels of unemployment, infrastructural deficits, transport concerns, and safety and security issues. The national department key informant provided additional information about the national incubator program, which "was able to support them with donations, food and data that could help with skills upliftment and ideas to keep their businesses running". The national key informant stated that the "government should stop dictating to industry but rather listen to them and we would move forward better together".

An open-ended question also probed what the national government specifically should be focusing on to assist the tourism sector, especially SMMEs, to recover. Issues in relation to supporting travel, especially promoting domestic tourism, providing financial assistance/ providing grants,

increasing vaccination, providing marketing assistance, and not having travel restrictions and lockdowns were again highlighted. Broader issues, such as fighting corruption and crime, were again noted as well. Key informants also emphasized the key role that the national government plays in creating an enabling environment for growth and consumption within the tourism sector by creating spaces for partnerships, networks, and collaboration. The importance of communication and information dissemination, as well as ensuring that excessive regulatory actions were not implemented, were also emphasized. The consulting and enterprise development company key informant also noted the importance of rethinking the manner in which resources are allocated, stating that while funding was important to support tourism SMMEs, using resources to support marketing strategies, and promoting increased tourism consumption will have a greater impact on the financial sustainability of the businesses rather providing direct funding that does not increase consumption. Furthermore, the need for awareness raising on how to access support being offered (such as funding and training) and having structured access to markets were identified by the provincial tourism department key informant. One of the national department key informants adopted a broader approach indicating that the national government should focus on elevating awareness of the socio-economic significance of tourism, securing disaster reserves and funding for tourism SMMEs, and building stronger collaboration with other government departments (such as transport, economic development and agriculture).

Table 5.28 presents the results in relation to the conditions that the respondents felt would ensure that SMMEs recover more quickly from COVID-19 pandemic-related impacts, being indicative of lessons to deal with future disruptions as well. A few (9%: 9.1% in Cape Town and 8.8% in Durban) did not respond. The main conditions identified by most of the respondents were reopening/ resumption of international travel/ tourism (74.2%: 79% in Cape Town and 69.6% in Durban), increase in domestic tourism (73.3%: 73.1% in Cape Town and 73.6% in Durban), and attractions, entertainment, leisure and recreational facilities to be fully operational and open (67%: 70.8% in Cape Town and 63.4% in Durban). The importance of focusing on demand-side aspects of tourism, especially creating the conditions to increase consumption, is prominent. The responses reaffirm assertions in the literature (Chan, 2021; Dube et al., 2023a; NDT, 2020b; Nyikana and Bama, 2023; Roelf, 2020; Smith, 2020; Woyo, 2021) and among key informants (one national department key informants stating that “the entire market dynamic has also shifted from

international to domestic tourism") that domestic tourism should be a key consideration and central to a tourism recovery plan. This is also linked to COVID-19 pandemic experiences and lingering perceptions that domestic tourism is easier to manage given that international travel was the most impacted and continues to experience challenges. Among the demand-side aspects, Chi-Square testing only revealed a significant difference for reopening/ resumption of international travel/ tourism across the two locations (p=.023), with more respondents in Cape Town identifying this as a condition.

Another important demand-side consideration, although receiving the least responses when compared to other conditions, was being competitive internationally to attract tourists (55.2%: 55.7% in Cape Town and 54.6% in Durban). In the South African context, international tourism is a key contributor to the GDP and supporting tourism SMMEs, which are often geared towards meeting the needs of international tourists at key tourism destinations (Cape Town and Durban being main CMT locations, as noted previously) who are deemed to spend more at a destination. As the academic researcher key informant states:

> Prior to the pandemic, there were high numbers of international visitors in South Africa and the numbers are again increasing as the pandemic wanes. These visitors, compared to domestic travelers, spend more money, stay in paid accommodation, and stay for longer. Thus, a consideration of international tourism must feature in any tourism recovery plans and strategies.

Similarly, the small business and entrepreneurship trainer key informant warns that it is problematic to centralize domestic tourism in a tourism recovery strategy in South Africa since "the refocus on the local market was still ineffective to contribute to the survival of the sector since most SMMEs are not modeled to optimize the local market and some SMMEs are sub-contractors to major destination management companies". The dependency on revenues and consumption among some of the tourism SMMEs, especially the larger ones, from an international customer base was also highlighted.

The supply-side issues in the context of a health pandemic were the population to be vaccinated (62.3%: 65.8% in Cape Town and 59% in Durban), improved safety and security measures (60.8%: 68.5% in Cape Town and 53.3% in Durban) and compliance with health safety protocols (56.3%:

61.2% in Cape Town and 51.5% in Durban). These responses are unsurprising given that the pandemic was still of concern when the interviews were undertaken. The Chi-Square testing only revealed significant differences for reopening/ resumption of international travel/ tourism (p=.023), improved safety and security measures (p<.001), and compliance with health safety protocols (p=.040). Again, more respondents in Cape Town identified these conditions as enablers to help businesses recover quicker.

The importance of permitting tourism activities and consumption of such to continue is apparent in the responses, which is a key lesson emanating from reflections on how the government responded to the COVID-19 pandemic. The support for addressing health concerns denotes that tourism SMMEs are not against dealing with the disruption itself (in this instance the spread of the COVID-19 virus and the associated health risks) but would prefer interventions that deal with the disruption while permitting economic activities and travel to continue. It is also important to raise that some of the key informants identified additional conditions, with the academic researcher key informant stating:

> The challenges faced by tourism in South Africa precede the pandemic. If safety and security concerns, infrastructural backlogs and maintenance, and poor quality services are not addressed, South Africa's reputation will continue to suffer. The key socio-economic challenges that plague South Africa, including some of the governance and political issues such as our inability to deal with corruption, will need to be addressed to ensure a sustainable tourism sector that can reach its full potential.

This highlights the externalities that impact the tourism sector that need to be addressed at all levels to create a conducive environment for South African tourism to thrive. The convention and events bureau key informant also noted that a key condition is to ensure that there is the necessary connectivity and infrastructure to permit optimal use of digital platforms and opportunities. The importance of targeting SMMEs (with this study further indicating that tourism SMMEs need specific attention and there is even diversity within this group) was further highlighted by the convention and events bureau key informant, indicating the ineffectiveness of generic training and interventions. More broadly, the small business and entrepreneurship trainer key informant states that tourism companies in South Africa "are not effectively engaged to design solutions and sustainable strategic approaches in this sector" and that "there is no legitimate engagement

between public, private and SMME sectors to create resilience and sustainability". These broader issues need to be addressed to deal with underlying challenges that limit the tourism sector in South Africa to reach its full potential.

Table 5.28: Conditions that will ensure that the business recovers more quickly from the COVID-19- related impacts (in %) (Multiple responses)

	Cape Town (n=219)	Durban (n=227)	Total (n=446)	*P* value
No response	9.1	8.8	9	.905
Reopening/ resumption of international travel/ tourism	79	69.6	74.2	.023
Increase in domestic tourism	73.1	73.6	73.3	.903
Attractions, entertainment, leisure and recreational facilities to be fully operational and open	70.8	63.4	67	.099
Population to be vaccinated	65.8	59	62.3	.143
Improved safety and security measures	68.5	53.3	60.8	<.001
Compliance with health safety protocols	61.2	51.5	56.3	.040
Being competitive internationally to attract tourists	55.7	54.6	55.2	.818

An open-ended question probed how the tourism sector can become more resilient/ capable of dealing with future disruptions such as pandemics, social unrest, and climate-related disasters. Some of the respondents (29.1%) provided suggestions and comments. Most responses reiterated earlier responses that the government must provide support, especially funding and that the tourism sector should not experience restrictions as those imposed during the COVID-19 pandemic that prevented businesses from operating. The importance of planning, as well as being prepared and organized, was stressed. One of the respondents called for a strategic approach rather than a reactive, ad hoc response. This could be best achieved by stakeholders (specifically the private and public sectors) working together. As one respondent stated, "government should focus on prevention rather than reacting" and it was evident that the "government proved that they did not have the capability to protect communities and businesses during the unrest". Working together was also viewed as an important approach to anticipate and stop disruptions or at least reduce the negative impacts on the tourism sector. Focusing on lessons derived from the COVID-19 pandemic experience was also highlighted to prepare the sector for future disruptions. Disaster management planning and preparedness from the individual business level to the sector as a whole were also noted. One respondent stated that businesses "should always prepare themselves for the worst in the future so that they can survive in any future disruptions".

Some respondents also highlighted what businesses should be doing, mainly indicating the need to be better prepared financially in the future to cope with disruptions which requires them to have multiple sources of income, invest in savings/ financial reserves ("have more rainy-day funds stored") and insurance. The provincial tourism department key informant also noted the importance of businesses acquiring or being sponsored to secure insurance to lessen the effects of the pandemic and future disruptions. The need to transition to engage in environmentally friendly and sustainable practices was also deemed to be important. Some respondents stated that the tourism sector should be educated "on how to market, invest and compete with other businesses", "about such future impossibilities and what they need to do to ensure that they stay prepared in case we face another pandemic in the future", "more about technology so that they can always be ready to adapt to any future uncertainties", "about insurances and disaster management strategies that they can always adopt in case such events occur again", and "on the safety precaution measures that they can put in place in case such disastrous events occur in the near future". Another respondent stated: "they must educate us about disaster management precautions because one can never predict the future, therefore, it would be nice to be prepared ahead of any possible future disruptions". It was unclear who the 'they' was.

Some of the respondents indicated support for the government to have a committed national disaster recovery fund for the tourism sector to respond to disruptions as they occur rather than trying to put together these resources. Funding recommendations are provided in the next Chapter. This was viewed as being important since there is growing consensus that various forms of disruptions (especially social protests and extreme weather disasters) will be regularly experienced in the South African context. Embracing change, diversifying businesses, and continuous adaptation, specifically responding to technology enhancements and development such as online business operations, were also noted. One respondent stated that businesses can have greater benefits "by shifting to digitalization and also helping us to improve our marketing online". Another respondent stated that businesses must "adapt to the changing environment and fourth industrialization".

A final section in the tourism SMME business survey solicited any additional comments/ information regarding the impacts of the COVID-19 pandemic on the respondents' businesses and the tourism sector more generally, and what can be done to ensure that the business and tourism sector fully recover. Respondents were also given an opportunity to provide any additional comments/ information regarding the impacts of social unrest experienced in South Africa (in July 2021 - the interviews started during the latter part of the year) on their business and on the tourism sector more generally. In relation to additional comments provided by a few respondents, most were issues covered earlier, focusing mainly on the need for funding. The social unrests again emerged as an impact aspect for more Durban than Cape Town respondents, with damage to property and goods being stolen as key concerns. The government's inability to effectively and timeously control the social unrest was also highlighted as dissuading businesses from operating and the broader implications for the reputation and branding of specific locations and South Africa as a whole as tourist destinations. This was also noted by the academic researcher key informant who stated: "the types of violent incidents that routinely occur in South Africa in the name of 'protests' has serious consequences for the tourism sector, especially since crime and safety are already major concerns, that will inhibit growth and consequently job creation".

5.6. Conclusion

This Chapter presented and discussed the results of the primary data generated from the study, specifically the tourism SMME findings and the integration of the key informant responses. The analysis was undertaken thematically aligned with the objectives of the study. The profiles of the tourism SMMEs were presented followed by a discussion of the COVID-19 pandemic impacts on these businesses. Thereafter, strategies and responses adopted to cope with the pandemic disruptions were examined, to derive lessons to deal with future disruptions. Lastly, support received and needed by tourism SMMEs to enable recovery and future resilience were examined. Where appropriate, relevant literature was integrated into the discussion. The constant comparative data analysis was undertaken, comparing survey results in the two case study locations, Cape Town and Durban. Context specific aspects are evident throughout the analysis given that the study is a systematic comparative analysis of the two main CMT locations in South Africa, as also detailed in the case study background provided in the previous chapter. The findings in terms of the profiles of the SMMEs interviewed indicate that diversity in relation to CMT activities involved in and

differences specific to the two CMT host locations. For example, tourism products and profiles of SMMEs differ between Cape Town and Durban. This is statistically verified throughout the analysis. The next, and final Chapter is the conclusion.

CHAPTER SIX
CONCLUSION

6.1. Introduction

The study shows the importance of tourism SMMEs across the tourism value chain globally and in South Africa specifically. The contributions of tourism SMMEs to economic development, job creation, poverty alleviation, transformation and, increasingly, meeting sustainability imperatives are highlighted. The differences and diversity among tourism SMMEs in terms of types of activities involved in, size (in relation to turnover and number of employees, the two variables used in South Africa to define the different SMME categories), location (a key consideration in this study in utilizing a comparative approach by examining SMMEs in two well established CMT urban destinations in South Africa), and vulnerabilities and capabilities to adapt and be resilient are also underscored. The focus on CMT is relevant given its importance in the South African context (as articulated in Operation Phakisa) and most coastal countries worldwide. The socio-economic, cultural, and environmental values/ benefits of coastal and marine resources (including climate regulation, ecosystem services, shoreline protection, and goods such as food provisioning) are noted. The importance of tourism generally and CMT specifically is underscored, noting the trends in terms of visitation numbers, economic impacts, and the growth in activities and products. It is also evident that CMT is the largest component of tourism globally, specifically in countries such as South Africa that have prominent and diverse (spatially and in terms of products) CMT attractions. Sustainability issues are raised pertaining to the multiple demands at CMT locations. CMT provides an appropriate backdrop to undertake a comparative study of the impacts of the COVID-19 pandemic on tourism SMMEs at two main tourism destinations in South Africa (Cape Town and Durban), both of which are also CMT urban areas.

The motivation for undertaking this research is that although there is an increasing body of research that is examining the impacts of the COVID-19 pandemic on tourism SMMEs, they tend to be focused on a national level or in relation to specific types of tourism or locations/ case studies. They are also mainly qualitative in relation to research design that limits generalizations to be made, and none undertake a comparative analysis by examining context-specific dynamics and considerations. Additionally, very few studies focus on tourism SMMEs, especially at CMT

locations. By adopting a mixed methods approach for the primary data collection (tourism SMME survey in Cape Town and Durban for comparative purposes and key informant interviews), the study contributes methodologically and empirically to knowledge in the areas of tourism studies (focusing on CMT locations), SMMEs (specifically focusing of tourism SMMEs), and COVID-19 impacts and responses which are extended to examine broader issues pertaining to disruptions and resilience/ sustainability. The main purpose of the research was to undertake a comparative assessment of two coastal tourism cities in a developing country (Cape Town and Durban in South Africa), focusing primarily on the impacts of the COVID-19 pandemic on tourism businesses as well as responses to deal with and recover from the pandemic, aimed at informing the development of appropriate strategies to contribute to the tourism sector's recovery as well as enhance future resilience and sustainability among tourism SMMEs to better cope with and adapt to future disruptions.

This Chapter summarizes the key research findings, linked to the research objectives and related questions formulated. Reflections on the theoretical framework used to guide the study are also included and presented next, prior to discussing the key research findings. Thereafter, recommendations arising from the research are discussed. Finally, concluding remarks are presented.

6.2. Reflections on the theoretical framework used and summary of the literature review

Before summarizing the key findings in terms of the objectives of the research, a brief overview of the main themes, debates, and issues highlighted in the literature review is undertaken. In the first instance, the multi-conceptual theoretical framework that guided the research reveals the importance of the approaches chosen. Specifically, the stakeholder theory indicates the importance of tourism SMMEs as critical internal stakeholders. The importance of other stakeholders (especially the government) in providing support to tourism SMMEs to deal with the COVID-19 pandemic impacts is evident. Furthermore, understanding intra-stakeholder differences in terms of interests, needs, concerns, and experiences is an important and critical aspect of this study. Diversity among tourism SMMEs is apparent, as well as locational variations, with differences between Cape Town and Durban being noted. The importance of relevant stakeholders in providing support to tourism SMMEs is identified by the businesses interviewed and the key

informants that represent some of the critical external stakeholders. Partnerships and collaboration that centralize the needs of tourism SMMEs become key. This requires understanding diverse profiles, needs and concerns, which this study contributes to. Stakeholder mapping is an important component. In this study, the key stakeholders identified were the tourism SMMEs as the main stakeholders, the public/ government sector, tourism organizations, small business organizations, tourism trainers and researchers, and the private sector linked to the tourism value chain.

In this study, the methodological approach adopted, informed by embracing the stakeholder theory, ensured that a range of different types of tourism businesses as key stakeholders across the tourism value change participated in the survey component of the research, including tour operators and businesses, accommodation facilities, restaurants and retail establishments at tourist locations. Additionally, key informant interviews were able to permit insights, perceptions, and experiences from government officials, tourism and business organizations, training providers and researchers to be integrated.

Divergent interests and needs are evident in this study. While outright conflicts among stakeholders are not evident in the research, there are issues pertaining to government policies (especially the regulations and restrictions to curb the spread of the COVID-19 virus) that had devastating impacts on SMMEs as well as the type and extent of the support provided to deal with the negative impacts. There was also consensus among the key informants interviewed and in the literature that the business environment in the tourism sector is highly competitive and new forms of consumption are placing increasing pressures that tourism SMMEs need to respond to. Stakeholder theory also highlights examining risks across the tourism value chain. The results from this study indicate that tourism SMMEs experienced both operational (associated with changes in demand) and disruption (experiencing a high-impact event that results in major interruptions and unpredictability) risks identified by González-Torres et al. (2021). In the context of this study, the COVID-19 pandemic was the disruption risk that triggered numerous operational risks.

Applying stakeholder theory to CMT SMMEs requires acknowledging that there are contestations and tensions among stakeholders, including among SMMEs that are diverse. Differences are likely to create conflicting interests and opportunities among SMMEs. For example, smaller CMT

SMMEs that are financially vulnerable may be unable to compete with larger businesses generally and specifically during times of crises when coping options are limited. Tensions could also arise between CMT SMMEs and other stakeholders, for example, local communities and government authorities. This was evident in this study with some SMMEs being aggrieved that they could not access government support programs.

The diffusion theory assists in understanding how new ideas, particularly the 4th industrial revolution and technological advancements, are influencing tourism SMMEs' responses to the COVID-19 pandemic and their orientation to react to changing demands and consumption patterns in the sector. For this study, the main responses examined were categorized into employee, business operations, and financial changes/ adjustments. The results reveal that most of the responses were reactive and unplanned and could not be considered innovative. The devastating negative impacts on financial resources (with most tourism SMMEs being forced to use personal and business reserves) and limited innovation options are likely to make some businesses more vulnerable to future disruptions.

The focus on capabilities emerges as being critically important to understanding differences among tourism SMMEs and at the two case study locations. Examining capabilities also permits an assessment of the extent to which the tourism sector (and SMMEs specifically) can be resilient in the future. The results show that most tourism businesses at both case study locations did not demonstrate high levels of readiness and capacity to deal with a disruption of the scale and magnitude of the COVID-19 pandemic. Furthermore, the lack of capabilities and high levels of vulnerability, especially among micro-enterprises, implies that these businesses are unlikely to be able to adapt to changing consumer demands and increased disruptions. It is also clear that vulnerabilities influence agency since a pattern emerges in this study that micro-enterprises with fewer resources and options lack the agility to respond to disruptions and adopt fewer measures than larger SMMEs. In terms of the latter, the notion of multiple stressors/ disruptions is an important consideration and may account for the differences between Cape Town and Durban since Durban experienced higher levels of violent social protests and flooding that negatively impacted tourism SMMEs.

The typical diffusion process was also disrupted by the COVID-19 pandemic and poorly conceptualized and implemented interventions to assist tourism SMMEs. In terms of the latter, limited resources (especially funding which was the most important need identified by tourism SMMEs) also contributed to tourism SMMEs not benefitting from new forms of support and/ or innovations to assist. Additionally, especially adopting digital and online platforms did not emerge as major innovations among tourism SMMEs because of the contact-based nature of the types of products and services offered. Information sharing and raising awareness pertaining to options and innovation as the first stage in diffusion faced challenges with accessibility being a concern. What is also apparent in relation to the tourism SMMEs interviewed is that there is little evidence that there are innovators with a few being early adopters and others being late adopters. This is problematic, and more attention should be paid to innovation developed in the South African context with and for tourism SMMEs that align with the needs of specific types of SMMEs and are sensitive to different locational contexts.

The DPSIR model emerges as a useful framework to examine internal and external drivers and pressures (the COVID-19 pandemic being the major pressure experienced by the tourism sector) that influence the status of tourism SMME, the impacts, and the responses. The DPSIR approach also centralizes sustainability, an important consideration in this study since the focus is not just on recovery but on recovery that builds resilience and sustainability. This approach embraces circularity in that lessons from examining COVID-19 pandemic impacts on tourism SMMEs can be used to prepare for and assess future disruptions. Additionally, this approach focuses on both positive and negative impacts. The negative impacts of the COVID-19 pandemic were prominent and devastating. However, as the recovery process continues, numerous positive impacts are emerging including a re-orientation nationally to support SMMEs and to build a more resilient and sustainable tourism sector. The focus on SMMEs and undertaking a comparative study were also intended to examine equity issues and better understand differences linked to inequalities and vulnerabilities that permit more nuanced strategies and interventions to be developed.

The DPSIR framework helped to organize the research as indicated in Chapter Two and summarize the results (Figure 2.1). The main driver as the focal consideration in this study was the COVID-19 pandemic. Both demand and supply-side tourism factors (such as destination attractiveness,

product offerings, and tourist demand) remain key drivers. Additional drivers were also identified that are emerging as global issues including extreme weather events associated with climate change, technological drivers, and sustainability/ green imperatives. In the South African context, and growing in many parts of the world, is social unrest. It is important to note that as the recovery of the tourism sector resumes, drivers that were prominent prior to the COVID-19 pandemic (including destination reputation, increased tourism consumption, and the expectation for diverse and new tourism products and services) will need to be integrated into recovery and long-term sustainability plans for the sector. The main pressures linked to the drivers that exerted stress on tourism SMMEs were the COVID-19 pandemic disruptions, persistent infrastructural challenges that were foregrounded and heightened during the pandemic, the types and adequacy of support provided to tourism SMMEs, and increased competition for tourism products and services nationally and globally. In terms of the state, for the purposes of this study, economic, socio-cultural, physical, infrastructural, and environmental conditions prior to the pandemic influenced the nature and extent of the impacts experienced by tourism SMMEs. The main impacts experienced were disruptions to travel and consumption that led to decreases in revenues, job losses, and temporary or complete closures that triggered widespread negative impacts across the tourism value chain, including tourism SMMEs. A few positives were noted such as some businesses experiencing growth. The responses included employee, business, and financial adjustment and changes as well as attempts by external stakeholders, including the government, to provide support to tourism SMMEs to address the negative impacts. Furthermore, recovery plans seem to position tourism on a pathway to recovery and resilience to promote sustainability in the sector.

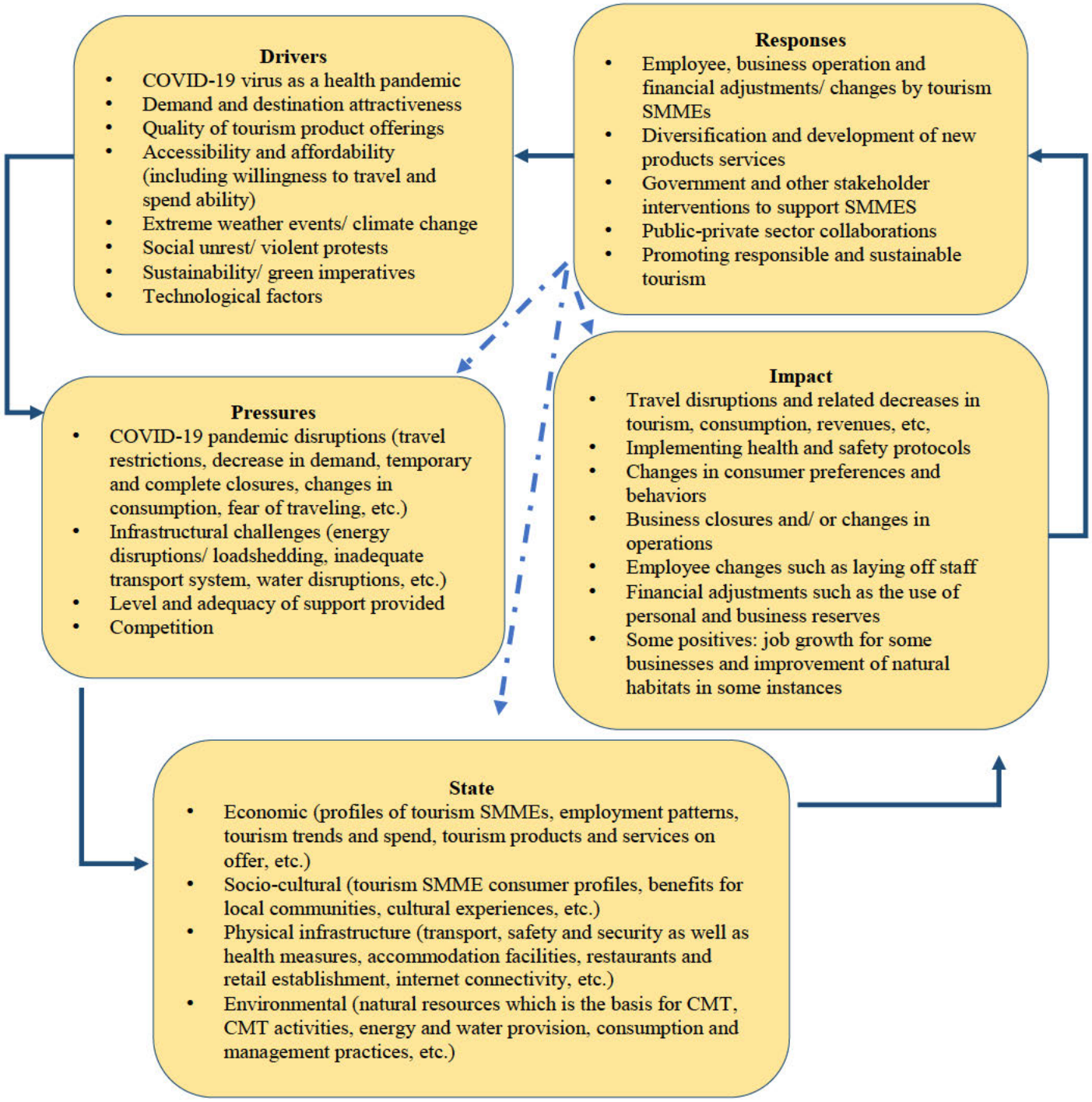


Figure 6.1: Application of the DPSIR to tourism SMMEs during the COVID-19 pandemic recovery phase and beyond

6.3. Summary of key findings

The above discussion shows that the theoretical framework adopted for this study was appropriate and useful. This section provides a summary of the key findings emanating from the research in relation to the objectives.

6.3.1. Profiles of tourism SMMEs in Cape Town and Durban in relation to business, financial and employee attributes

The profiles of tourism SMMEs, given their diversity, are central to understanding COVID-19 impacts and responses in the context of examining capabilities and vulnerabilities. The results reveal that in terms of the parts of the tourism sector the business operates, the main activity that the tourism SMMEs were involved in was restaurants, followed by the retail of goods targeting tourism and accommodation establishments. Other key activities that were identified were cultural tourism, transport provision, tourism activities/ experience, tour operators, tourism agencies, and tour guides. Additionally, more than a third of the tourism SMMEs were involved in other tourism activities, mainly restaurants, retail of goods targeting tourism, tour guiding, cultural tourism, transport provision, business tourism (excluding MICE), tourism activities/ experiences, and accommodation. Chi-Square testing revealed differences across the two locations, with Cape Town having higher involvement in restaurants, retail goods, tour operators, tourism agencies, and tour guiding activities, while Durban had higher proportions of businesses involved in accommodation, cultural tourism, and transport activities. Furthermore, Chi-Square testing found that significantly more tourism SMMEs in Durban were not involved in other tourism activities compared to Cape Town. The findings indicate that tourism SMMEs offer several products and services, being involved in a wide range of activities which is reflective of the diversity of the tourism landscape and value chain in South Africa. The diversity also reflects the multiplier effects of the tourism value chain, which impacts other sectors such as transport. Additionally, having tourism SMMEs that traverse 15 main activities is indicative of the appropriateness of the methodological approach adopted that enabled different types of businesses to be included, which increases representation and the validity of the research.

In relation to the legal status of the business, most responses were PTY LTDs, followed by those that were Sole Proprietors or unregistered (operating informally). Fewer were CCs, with less than 10 being Section 21, NPO, and Airbnb. The diversity among tourism SMMEs is again noted, with Chi-Square testing revealing that Cape Town had more formal and registered businesses compared to Durban, which had more informal businesses. Informality within the tourism sector is important to consider in the South African context, especially given higher levels of vulnerability.

In terms of the provincial location of business headquarters, unsurprisingly, almost all SMMEs were located in the province of the cities where the interviews were conducted, specifically the Western Cape (Cape Town) and KwaZulu-Natal (Durban), since SMMEs tend to be located where products and services are provided. The type of area (urban/ town, rural or township) where the tourism businesses were located was also considered, given that spatial inclusivity is an important consideration in terms of the transformation of the tourism sector in South Africa. Rural tourism, in particular, emerges as being particularly disadvantaged. As a result of the selection of Cape Town and Durban's CMT locations, it was unsurprising given the urban dominance of tourism SMMEs in South Africa generally and at CMT locations.

Turnover was an important aspect to consider, given that financial impacts were the main impacts of the COVID-19 pandemic on SMMEs. An examination of the average turnovers for the years 2019 (prior to the pandemic), 2020 (indicative of early pandemic impacts) and 2021 (at the time of the interview) reinforces the devastating impacts of the pandemic in relation to a drop in turnover and closures of some of the businesses. A recovery trend was evident by 2021 that depicts the resilience of the tourism sector. Chi-Square testing revealed significant differences, with Cape Town having more businesses with higher turnovers while Durban had more businesses with lower turnovers, aligning with higher levels of micro-enterprises in Durban.

Together with turnover, the number of employees is used to categorize businesses, including SMMEs, in South Africa. The results show that most persons were employed on a permanent rather than a temporary basis, denoting the importance of tourism SMMEs in relation to job creation. The results also show that most SMMEs are generally micro-enterprises and medium enterprises, reflecting the turnover results and indicating higher levels of susceptibility to

vulnerabilities in the tourism sector. The findings at the time of the interview, in comparison to before the pandemic, indicate that fewer persons were employed on a permanent and temporary basis, revealing the substantial negative impacts on jobs. Chi-Square testing revealed that more people were employed on average in Cape Town than in Durban.

The final business profile variable in this study was the number of years that businesses were operational. Most tourism SMMEs interviewed had operated for 10 years or less, more in Durban, which also reflects higher levels of vulnerability to disruptions given that established businesses cope better with disruptions or are better positioned to access support. Additionally, most tourism businesses were operating fully or partially at the time of the interview, indicating that recovery was underway by the latter part of 2021 when the interviews were completed. Chi-Square testing examining selected business profiles and if the business was operational revealed significant differences, showing that tour operators and guides were more likely to be operating partially while accommodation facilities, restaurants, and retail establishments were more likely to be fully operational. Additionally, significant differences were noted in relation to employment with businesses operating in Durban for less than 10 years being partially operational and more established businesses being fully operational, reflecting the vulnerabilities of less established businesses.

6.3.2. Extent and nature of the impacts of the COVID-19 pandemic on different types of tourism SMMEs in Cape Town and Durban

A range of COVID-19 impacts on different types of tourism SMMEs in Cape Town and Durban were noted, reinforcing that the COVID-19 pandemic had several disruptions on tourism SMMEs. This is in relation to the status of business operations during specific periods (prior to the March 2020 Level 5 lockdown, from March to December 2020, from January to August 2021, and when the COVID-19 virus is contained/ under control). As noted earlier and supported by these results, a recovery trend was evident from 2021, with almost all businesses indicating that they would be fully recovered when the COVID-19 virus is under control. This again indicates that the tourism sector is resilient. The findings reveal the changes in the status of tourism SMMEs before and during the pandemic and when the virus is fully contained. The pathways towards recovery differ among the businesses, and there are locational differences as well, which this comparative study

shows. Of concern is that some businesses do not anticipate fully recovering, even when the virus is under control, which suggests long-lasting and permanent impacts for these businesses. Chi-Square testing again revealed locational differences, with more SMMEs in Cape Town than in Durban being fully operational prior to the lockdown, more SMMEs in Durban than in Cape Town being closed from March to December 2020, and more SMMEs being fully operational in Durban than in Cape Town from January to August 2021. Furthermore, the Chi-Square testing indicated that accommodation facilities, restaurants, and retail establishments; and PTY LTD and Sole Proprietors were more likely to be fully operational during all the periods examined. On the other hand, smaller businesses and those operating for less than 10 years were more likely to be closed or operating with 60% or more of normal business activities. The vulnerabilities of tourism SMMEs in the informal sector, those that were operational for less than 10 years and employ less than 10 persons, are evident. The main reasons provided by the tourism SMMEs for not being fully operational were the COVID-19 government regulations. In Durban particularly, social unrest was also identified. This could have contributed to the consistent differences in the results between Cape Town and Durban from the Chi-Square testing. The results indicate that multiple disruptions can be experienced that can worsen the plight of some tourism SMMEs.

In relation to income/ turnover changes, most tourism SMMEs interviewed experienced a decline in turnover from 2019 to 2020 but a recovery/ increase in 2021, indicating the severe immediate impact of the pandemic on the tourism sector. The actual impacts of the pandemic could have been worse, given that this study did not target tourism SMMEs that were no longer operational as a result of the COVID-19 pandemic. The Chi-Square testing revealed that more rapid recovery was noted for restaurants as well as businesses involved in tourism and transport businesses and older businesses (more than 10 years), while younger businesses were in the no change category. The vulnerabilities of informal, smaller, and less established tourism SMMEs are noted, indicating diversity in terms of impacts on income.

In terms of changes in employment, as noted earlier, the results showed that most of the SMMEs remained in the same category both in relation to permanent and temporary employment. The use of these categories is recognized as a limitation of the study since they were too large to detect changes in employment. Job losses were a key issue associated with the COVID-19 pandemic

impacts emphasized in the literature and among the key informants interviewed. Additionally, when respondents were asked to provide reasons for job losses experienced, more than 80% forwarded reasons, which suggests that most of the tourism SMMEs interviewed experienced job losses. The main reason for the job losses was the COVID-19 pandemic disruptions. Social unrest again emerged as a reason, more so in Durban than in Cape Town. Job losses were so dire in the tourism sector that there are concerns that this sector may not be viewed as secure for employment given the extent of the employment disruptions experienced, which have long-term consequences for the tourism sector.

A Likert question was used to indicate the impacts of COVID-19, examining demand and supply-side considerations. The responses indicate most SMMEs interviewed faced multiple and severe COVID-19 pandemic disruptions, with most indicating decreases in sales/ demand for goods and services as well as cash flow availability, denoting the dominance of demand-side changes. The results also show that although tourism SMMEs experienced widespread financial disruptions, there was limited access to much-needed financial support. The Chi-Square testing revealed that more SMMEs in Cape Town than in Durban were impacted negatively financially both in terms of supply and demand. However, as the response results show (summarized later), Cape Town tourism SMMEs were generally able to use more diverse forms of responses to deal with the pandemic disruptions.

In terms of the perceptions of the time it will take for the business and the tourism sector more generally to fully recover from the negative impacts of the COVID-19 pandemic after the COVID-19 pandemic has been brought under control, the results indicate that most respondents perceived the recovery period for their businesses as being between 2 to 5 years, with longer periods identified for the tourism sector to fully recover. This could be attributed to higher levels of confidence among the tourism SMMEs, as most were on the pathway to recovery, as indicated earlier. The devastating impacts on the tourism sector, with travel being halted in many parts of the world due to the COVID-19 pandemic, may be influencing perceptions of recovery trends for the sector as a whole. Chi-Square testing revealed significant differences in relation to the total as well as across the two locations, with accommodation, retail, and restaurant establishments; informal businesses and CCs, businesses employing fewer staff, and more established businesses

expected full recovery sooner. The responses in terms of recovery indicate that respondents were generally positive that their business and the sector as a whole would recover from the COVID-19 pandemic, with differences discernible in terms of the length of time it would take to fully recover. However, further findings indicate that the COVID-19 pandemic has had a profound impact on tourism SMMEs, with more than 80% of the respondents stating that the businesses will continue to change their operations in the long-term when the pandemic is fully under control. Some of the many changes identified were stricter controls to ensure adherence to improved health practices in terms of hygiene and increased use of online/ virtual platforms. The impacts of health concerns and technology are evident. Of concern, as noted earlier, is that some of the businesses indicated that they would change the type of business to one that is different from the tourism sector, with consequences for job creation and economic contribution of the sector.

The results reveal that the negative impacts of the COVID-19 pandemic on the financial, operational, and staffing aspects among tourism SMMEs were extensive, encompassing diverse categories and types of SMMEs across the tourism value chain; having severe implications for many SMMEs' business, employee and financial stability. The results also show locational differences and context sensitivities. While the negative impacts impacted almost all businesses, this study's focus on differences indicates that these were not homogenous; with smaller (in relation to turnover and number of employees), informal businesses located in Durban were more severely affected, indicative of higher levels of vulnerability.

6.3.3. Types of strategies and responses adopted by tourism SMMEs in Cape Town and Durban to cope with the COVID-19 pandemic

As noted in the previous section, the multi-conceptual theory that guides the study indicates that SMMEs display agency in responding to changes/ pressures, including developing and adopting innovative ideas and technologies. The responses adopted also reveal the capabilities and vulnerabilities among small businesses. Multiple strategies were adopted by tourism SMMEs and, for the purposes of this research, categorized into employee adjustments, business changes, and financial alterations. Employee responses were deemed to be important because the tourism sector is an important job creator and, as noted earlier, job losses were a key feature of the COVID-19 pandemic disruptions. The top three employee strategies used were reduced employment time/

working hours, reduced salaries/ wages, and staff being quarantined/ self-isolating (staff or family members being ill or exposed to a virus). The other employee responses were linked to granting paid and unpaid leave, retrenching staff, and reducing unemployment benefits. Positive responses identified by a few of the respondents were arranging for greater flexibility to work from home and upskilling or training employees. As noted earlier, employee disruptions within the tourism sector could substantially impact its reputation as an employer, impacting staff recruitment and retention. This is particularly worrying given that recurring disruptions associated with extreme weather events and other disasters (such as social protests) will be the norm that impacts travel and tourism activities. The reduction in the demand for tourism-related goods and services has serious repercussions (including reduced work hours, job terminations, and salary cuts) for employment in the tourism sector, as was the case in relation to the COVID-19 pandemic. Furthermore, flexibility to work from home and/ or employ online/ digital platforms is limited for tourism SMMEs since, as noted earlier, most tourism jobs are linked to activities that are contact-based. While training was not highlighted by most of the tourism SMMEs, they were underscored by key informants to reposition the pathway to ensure that staff are well trained and that the tourism sector training needs are met to ensure its competitiveness.

In terms of business changes adopted by the tourism SMMEs interviewed, the top three responses were suspending business activities so as not to incur costs, adjusting marketing strategies (such as lowering prices and having special deals), and agreeing with clients/ customers to postpone (but not cancel) activities until a future date. The rest of the responses were linked to changes in products, services, and activities offered; modifying policies, including refunds; and new business ventures. The importance of business changes and responsiveness were also noted by some of the key informants.

Financial challenges were the main COVID-19 pandemic disruptions experienced by the tourism sector and SMMEs, noted in the literature, and associated with substantial declines in the demand for goods and services as a result of travel restrictions and regulations to curb the spread of the virus. Financial adjustment received the highest responses among the tourism SMMEs interviewed, with the least number of respondents indicating none compared to employee and business changes adopted. The three top financial responses identified were using business

reserves or savings, using personal (including support from family) reserves or savings, and applying for a new loan or an extension of a current loan. Other responses related to seeking assistance to secure grants and/ or financial relief, cancelling activities to save, and the sale of assets. The results reveal that tourism SMMEs responded in a variety of ways to cope with the pandemic impacts. Most (especially using business and personal reserves as well as the sale of assets) are likely to place the businesses in a more precarious position in the future if they are unable to re-accrue funds used and assets disposed of. Despite the severe financial challenges experienced, very few SMMEs were able to secure external financial support.

Chi-Square testing revealed that more tourism SMMEs in Durban did not make employee, business, and financial adjustments compared to Cape Town, reinforcing that Durban tourism SMMEs generally had higher levels of vulnerabilities than those in Cape Town. Furthermore, differences were noted in relation to the strategies and responses, possibly related to the variances in the profiles discussed earlier. The findings (especially the Chi-Square testing) reveal that more tourism SMMEs in Durban did not adopt employee, business, and financial changes to cope with the pandemic disruptions compared to Cape Town, which had higher proportions of tourism SMMEs generally that adopted these measures. Thus, Cape Town tourism SMMEs were more responsive compared to Durban SMMEs, signifying higher levels of capability and adaptability to respond to the pandemic disruptions. The importance of business and financial agility and being able to adapt to changes were also emphasized by some of the key informants. The differences between Cape Town and Durban could be attributed to Cape Town having tourism SMMEs that have higher turnovers, more employees, and are more established. The importance of undertaking a comparative analysis is highlighted to better understand differences since this study indicates that there are differences between the two CMT locations. The variations among tourism SMMEs, especially understanding the vulnerability profiles of tourism SMMEs at specific locations, are critical to consider since they are likely to influence the strategies used to respond to disruptions and build resilience that strengthens the tourism sector. The results show that some types of businesses at specific locations are better positioned to use measures and strategies to cope with changes. Some were probably forced to use some stringent measures (such as retrenchments and using personal and business reserves) that are likely to increase their vulnerability in the future, which is a major concern given that there is consensus that disruptions, especially associated with

socio-economic disturbances and climate change, will be the norm.

6.3.4. Strategies and responses that tourism SMMEs in Cape Town and Durban would like to adopt but are unable to

To ensure that constraints experienced by businesses that prevent them from responding to disruptions or crises were examined, strategies and responses that tourism SMMEs in Cape Town and Durban would have liked to adopt but were unable to use were also examined. Constraints substantially impact capabilities and vulnerabilities. Close to half of the respondents indicated that there were strategies that they would like to use (with more SMMEs responding in the affirmative in Cape Town compared to Durban, as shown by the Chi-Square testing undertaken) but were not able to do so at the time of the interview. The main reasons for not adopting the strategies were not having financial resources, not having information to apply for funding, and not qualifying for a loan. Financial aspects again emerge as a limitation. Other reasons forwarded were the lack of suitable premises and the lack of reliable internet connectivity. The lack of concern in relation to internet connectivity could be attributed to the case studies being urban CMT locations that have sufficient internet infrastructure, or it could allude to tourism SMMEs not being aware of how to use digital technology for marketing and other purposes, as noted by a key informant.

6.3.5. Levels of awareness of measures to support tourism SMMEs in Cape Town and Durban

Predictably, from a tourism SMME perspective and given previous responses in relation to the prominence of financial issues, the main types of support identified by the majority of the respondents related to financial aspects. There is growing consensus that SMMEs (and more so tourism SMMEs that rely on demand and consumption to generate revenues) need support to navigate and recover from major disruptions such as the COVID-19 pandemic. Given that all economic sectors were negatively impacted by the pandemic, it is also recognized that the government would be a critical stakeholder to assist SMMEs across the value chain. Similar to other countries globally, the South African government (including the NDT) developed interventions to support SMMEs and the tourism sector in coping with the pandemic disruptions. The results indicate that slightly more than half of the tourism SMMEs interviewed (significantly more in Cape Town than in Durban as per the Chi-Square testing) were aware of government

support being offered to businesses/ establishments like theirs. Key informants confirmed that many SMMEs, especially micro-enterprises, were unaware of government support provided despite needing it the most. Among those who were aware of government support, most indicated that they were not sure if they qualified or did not qualify for the government support provided. It is important to note that more respondents in Cape Town indicated that they qualified for the support provided.

Close to a third of the respondents stated that their businesses benefitted from some form of support to cope with COVID-19 pandemic-related impacts, while the majority (mainly in Cape Town) did not. This supports assertions in the literature that SMMEs generally were unable to access external financial support despite it being the main support needed. Chi-Square testing also revealed that accommodation, restaurant, and tourism activities/ operators/ agencies that were CCs and PTY LTDs, employed more than 10 persons, and were in operation for more than 10 years were more likely to be aware of government support provided. Furthermore, more cultural tourism businesses, restaurants, and tourism activities/ operators/ agencies that were CCs and PTY LTDs with more than 10 employees and operating for more than 5 years benefitted from any support provided. The results show that businesses that were formal and established were generally more aware of and benefitted from government support initiatives. On the other hand, it was evident that the businesses that were informal or unregistered, operating for shorter periods and with fewer employees (regarded as being more vulnerable), were less likely to be aware of or receive support. Additionally, a key finding is that the administrative processes and criteria to qualify (especially being registered) may have resulted in tourism businesses that needed the support the most not receiving any. The national small business development agency key informant indicated that assistance to businesses to be registered and have bank accounts will be important for them to benefit from programs and initiatives.

Those tourism SMMEs interviewed who indicated that they did not access support from external sources were asked to indicate reasons. The main reasons identified were not being aware that support was available, not qualifying/ meeting criteria, and experiencing difficulties in applying. It is interesting to note that none of the respondents indicated that they did not need the support although a notable proportion did not respond. The main types of support accessed were COVID-

19 UIF TERS (more businesses in Durban) and the COVID-19 Tourism Relief Fund for SMMEs (more businesses in Cape Town). The main sources of support were national (more businesses in Cape Town) and provincial (more businesses in Durban) governmental departments. The lack of private sector support may be attributed to all sectors having to cope with the COVID-19 pandemic disruptions. The dominance of public sector support was viewed as unsustainable and problematic, given the limited and sometimes unreliable funding available. Of importance, however, despite the limited amounts for the grants provided, those tourism businesses that received support generally valued the support provided. This indicates that any little assistance provided was appreciated.

6.3.6. Types of support that tourism SMMEs in Cape Town and Durban perceive will be beneficial for them to access

The diversity among tourism SMMEs in terms of profiles and needs was also reflected in the range of different kinds of support that respondents perceived would be useful to the business and the tourism sector more generally to recover from the COVID-19 pandemic impacts. Several types of support were identified, which indicate that tourism SMMEs require multi-pronged interventions. The main types of support identified were provisions of PPE such as masks and sanitizers (popular and required at the time of the interview but indicative that health concerns will change the operations of tourism SMMEs), advice/ training on business recovery and strategy, no interest grants/ cash transfers, low interest/ subsidized loans or bridging finance, advice/ training on how to deal with stress/ anxiety and on health and safety precautions, and online/ virtual training opportunities for business. The rest of the types of support are related mainly to financial relief. For most types of support, more responses were in Cape Town compared to Durban.

The study highlights the critical role of financial assistance for tourism in dealing with significant disruptions, demonstrated by the substantial impacts associated with the COVID-19 pandemic. This dependency on financial support, especially the reliance on government funding, has major implications that influence the long-term viability and financial stability of these businesses. Moreover, the findings indicate the need for diverse forms of financial assistance that include grants, loans, and relief from making payments. This underscores the severe financial challenges faced by tourism SMMEs because of the pandemic. Thus, the study underscores the predominant dependence of tourism SMMEs on several forms of financial support, accentuating the gravity of

their financial situation brought on by the pandemic. The consulting and enterprise development company key informant stated that "tourism SMMEs should be armed with the knowledge to make informed decisions" and "be positioned to not rely on handouts in order to be resilient to future shocks".

In terms of the conditions that the tourism SMMEs interviewed identified that would ensure quicker SMME recovery from COVID-19-related impacts, the main ones identified were reopening/ resumption of international travel/ tourism; increase in domestic tourism; and attractions, entertainment, leisure, and recreational facilities to be fully operational and open. It is important to note that promoting international tourism was also identified, although fewer responses than focusing on domestic tourism. As some of the key informants noted, international and domestic tourism are interrelated, and any tourism recovery strategy should focus on both, especially in the South African context where some tourism products and services are geared to respond to demands from international tourists and depend on the higher spend and duration of stay. These responses reveal that demand-side conditions need to be optimal for tourism activities to resume, especially promoting consumption. The less the sector is disrupted and the more quickly 'normality' resumes (that is, not restricting travel or having regulations that limit consumption), if disruptions are a necessity, then it is more likely that tourism SMMEs can recover with limited support. Supply-side conditions associated with the pandemic and the readiness of tourism SMMEs to respond to the health threats in 2021 when the interviews were conducted were also identified, with the main ones being the population to be vaccinated, improved safety and security measures, and compliance with health safety protocols. Chi-Square testing revealed that more respondents identified demand and supply-side conditions in Cape Town than in Durban.

The multiple responses reveal that different types of interventions are proposed, acknowledging the variations in relation to impacts, the diversity of tourism SMMEs, and divergent needs. The key informants highlighted this as well. Additionally, the responses reveal the need for a multi-pronged set of support mechanisms to deal with the pandemic. The findings also reveal the importance of locational dynamics and specificities. In relation to all the objectives and results presented in this section, differences were noted between Durban and Cape Town, indicating that place matters when examining the impacts of disruptions on tourism SMMEs. This is a key finding

of the study, especially given that both the case studies purposively selected were CMT locations and major urban tourism destinations in South Africa.

This study underscores the interconnectedness of local challenges faced by CMT SMMEs with broader global tourism trends. The COVID-19 pandemic has severe impacts on tourism SMMEs globally, with many enterprises facing similar disruptions, including operational restrictions, reduced demand and related decreases in revenue generation and changes in consumer behavior. The study's findings resonate with broader trends noted in the literature across international CMT destinations given that tourism is an interconnected global industry. A key inclination that is likely to influence the development of the tourism sector is increasing awareness and demand for sustainable tourism. Other notable trends that will affect CMT SMMEs globally are technological advancements and digitalization, as well as the need for resiliency to cope with future disruptions. Connecting this study's findings with global trends shows that the experiences of CMT SMMEs in South Africa can be relevant to broader international contexts, suggesting that the challenges faced, responses and strategies adopted, and recommendations forwarded are not unique to South Africa but can be of value to tourism stakeholders in other countries and inform global tourism interventions and transformation. Highlighting the global relevance of the study underscores its contribution. The next section presents the recommendations derived from the research conducted.

6.3. Recommendations

The overarching finding that informs the recommendations emanating from this study is that strategies and interventions to support tourism SMMEs to deal with disruptions should consider locality-specific contexts, including identifying locations that would require more support. As noted in the previous section, this comparative study demonstrates that place matters, with differences consistently being found between tourism SMMEs in Cape Town and Durban. The study also recommends interventions such as providing funding and training to better position tourism SMMEs to be resilient in a world where disruptions are likely to be experienced more regularly, as noted in the literature review.

The study notes the COVID-19 pandemic disruptions, especially in the tourism sector, where impacts have been devastating. However, it is evident that tourism is one of the most resilient

sectors, and growth trends are likely to resume once the pandemic is brought under control and travel resumes, as is already the case. However, to build greater resiliency and capabilities to deal with future disruptions, it is important to create enabling conditions for tourism demand to grow sustainably and for tourism SMMEs to be responsive and prepared. Additionally, when a sector is showing signs of recovery, responses by the SMMEs and at the local level to catalyze more rapid and sustainable/ resilient recovery that positions the businesses to better cope with future disruptions are important to support. Furthermore, key challenges facing the tourism sector (even prior to the pandemic) that are outside the control (and often influence) of tourism stakeholders need to be addressed to create an enabling environment for tourism to thrive. These include broader issues pertaining to the reputation of South Africa generally and specific locations, safety and security issues, the lack of disposable income among a substantial proportion of the population, infrastructural deficits (especially in relation to transport and energy provision), poor service culture, marketing and promotion, and awareness of tourism products and services. From a tourism sector's perspective, job creation and increasing earning capacity are central to increasing discretionary income that enables people to travel.

This penultimate section forwards recommendations based on research findings, foregrounded by sustainability considerations to assist tourism SMMEs to enable recovery and to improve resiliency to deal with future disruptions, paying attention to locational sensitivities at CMT destinations. Recommendations were integrated into the data analysis and the previous section in this concluding Chapter. Some of these recommendations are more detailed in this section and additional recommendations are presented as well. The recommendations are presented thematically.

6.4.1. Building resiliency

The impact of the COVID-19 pandemic on the tourism sector has been profound and widespread, as this research shows, motivating a critical reassessment and rethinking of whether the sector is well-positioned and prepared to deal with changes and disruptions, and the nature and level of support needed for this industry to cope with crises and major disruptions as experienced during the pandemic. The survey findings, key informants, and literature sourced highlight the pandemic's distressing impacts on the tourism sector, especially tourism SMMEs that tend to be more

vulnerable to changes across the tourism value change. There is increasing recognition that the lessons derived from the pandemic experiences provide an ideal opportunity to review the key principles (including responsible and sustainable tourism as well as integrating transformation) guiding the development of South Africa's tourism. In this context, it is recommended that a resiliency framework (to foster heightened resilience through recovery initiatives) be incorporated into the NDT's proposed three-phase recovery plan (Figure 6.1). One of the national department key informants raised concerns about overly focusing on plans and strategies, stating that the "recovery plan was created by people outside of the department and delivered to us to implement". The resiliency framework needs to focus on supporting tourism SMMEs by equipping them with the essential capabilities to recuperate from the impacts of the pandemic and other disruptions in a manner that enhances their abilities and levels of preparedness to deal with future disruptions while also embracing sustainable tourism practices; derived from the experiences and needs of tourism SMMEs that are sensitive to the diverse contexts and embraces flexibility.

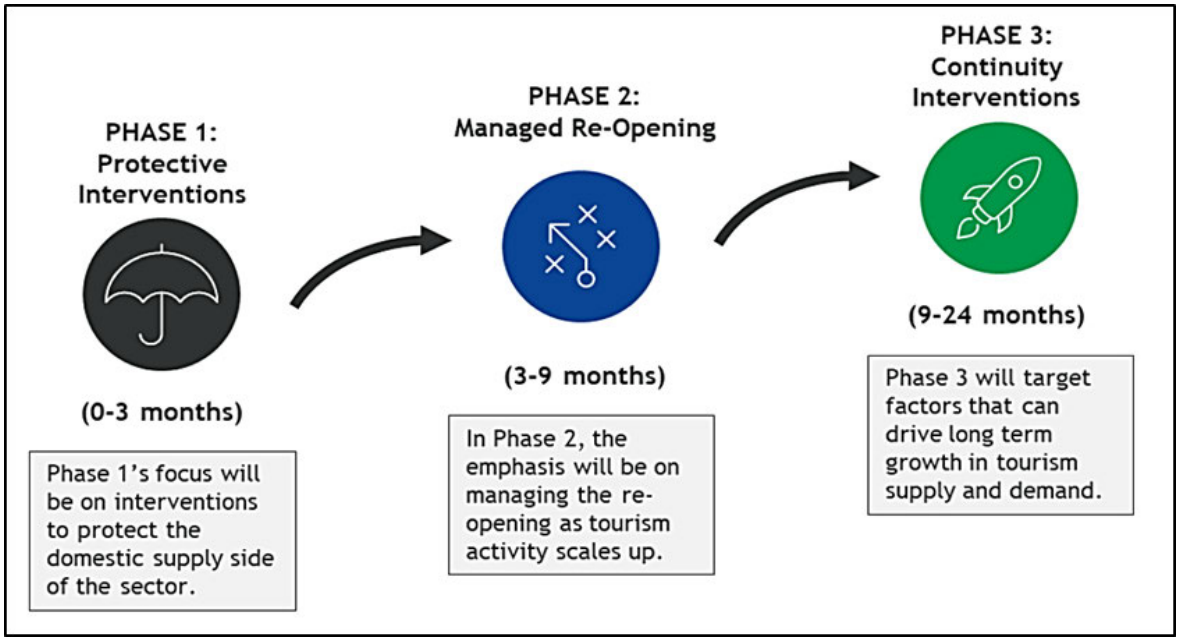


Figure 6.2: Tourism sector recovery phases (NDT, 2020b: 12)

Focusing on sustainability and resiliency will ensure that a more comprehensive approach is adopted that enables SMMEs to be capacitated to be agile and responsive rather than rely on financial assistance from the government. Additionally, it is important to develop diverse

complementary strategies and interventions that focus on the range of anticipated disruptions to increase adaptive capacity. The rest of the recommendations unpack specific aspects that will build resiliency and capabilities among tourism SMMEs.

6.4.4. Improved understanding of vulnerability and risk

Critical to building resiliency is understanding vulnerability and risk. Vulnerability emerges as a key aspect that affects coping mechanisms and the ability to respond to changes. A vulnerability assessment of tourism SMMEs is proposed to provide a vulnerability index that can inform policies, planning, and the development of support interventions. This study contributes by identifying vulnerability variables linked to the profiles of the SMMEs (including attributes such as the type and legal status of the business, employment, location, and number of years operational), impacts of disruptions (such as temporary and complete closures) and responses (particularly in relation to employee, business and financial changes) that reveal capabilities and constraints. Of particular concern are impacts and responses that undermine future resiliency such as using personal and business reserves. The vulnerability assessment would include identifying key indicators (that can build on the variables identified in this study), examining levels of exposure and levels of sensitivity to disruptions, impacts, and capacity to adapt/ respond which results in vulnerability. The DPSIR framework used in this study can also be useful in this regard

Linked to vulnerability is the risk status of SMMEs. The tourism SMME risk chart (Table 6.1) developed by STRATECHI (2022) was adapted based on findings emanating from this study. Nine key areas of risk are identified including tourists/ visitors/ customers, products and services, processes, markets, stakeholders, staffing/ team members, geographies, sales and marketing, and infrastructure. These aspects need to be integrated into recovery and resiliency plans. STRATECHI (2022) further notes that businesses are by their nature fraught with risks and the world today is characterized by multi-dimensional risks. The risk management process advocated by STRATECHI (2022) should be followed, which includes identifying risks, assessing the risks, mitigating the risks, and consistently monitoring risks. Mitigation is putting in place measures to deal with risk that entails a proactive and anticipatory approach. The COVID-19 pandemic has also highlighted that there are high levels of uncertainty and unpredictability. The range of potential risk factors requires a thorough understanding of the environment in which tourism

SMMEs operate, paying attention to context-specific aspects that this study shows are important to consider. Specifically, the adoption of the comparative approach reveals that there are different risks and capabilities among tourism SMMEs and the locations in which they operate with notable differences between Cape Town and Durban despite both being urban CMT locations.

Table 6.1: Tourism SMME risk chart (adapted from STRATECHI, 2022)

Tourists/ visitors/ customers • Health and safety • Expectations and preferences • Mistargeting/ understanding profiles • Dissatisfaction • Information and awareness	**Products and services** • Quality and quantity • Diversity linked to demand • Regulations and compliance • Accessibility, affordability, and availability • Competitiveness • Costs	**Processes** • COVID-19 and other disaster recovery • Effectiveness and relevance • Applicability • Quality • Responsiveness and outcomes
Markets • Accessibility and affordability • Competitive advantage • Regulations • Reputation • Travel bans and restrictions • Changes	**Stakeholders** • Access and information sharing • Capacity and capabilities • Representation • Conflicts • Corruption and fraud	**Staffing/ team members** • Recruitment and retention • Inclusivity and transformation • Health concerns
Geographies • Locational dynamics/ sensitivities • Regulations and compliance • Environmental impacts • Disruptions/ disasters (climate change, protests, etc.)	**Sales and finance** • Changes in demand • Regulations and compliance • Securing funding and resources • Effectiveness and impact • Responding to technological changes	**Infrastructure** • Quality and maintenance • Efficacy • Availability • Safety and security • Water and energy provision and internet connectivity

6.4.2. Promoting tourism

A central feature of South Africa's economic recovery plan for the tourism sector (NDT, 2020b) is to protect and rejuvenate supply, re-ignite demand, and strengthen enabling capacity. Thus, promoting tourism is key to the sector's recovery plan. It is imperative that the recovery plan does not focus on the pandemic impacts exclusively but on disruptions more generally, especially given that as noted in this study, multiple stressors experienced concurrently (such as the pandemic and the social unrest) are threat multipliers. A resiliency strategy in the South African context must include addressing climate change and social unrest considerations, as these disruptions are major

issues in the country. A strategy specifically for tourism SMMEs, to complement the tourism sector recovery plan and other policies, can be an important vehicle to ensure increased demand and consumption of tourism products and services, with numerous positive impacts on socio-economic development and job creation. Additionally, these businesses will directly benefit from increased consumption linked to increased revenues and, in response to changing tourist demand, diversified income streams. Promoting and sustaining tourism is key to ensuring financial stability among tourism SMMEs, which would assist in mitigating future disruptions. Furthermore, as the recovery and growth of the sector continue, tourism SMMEs can realize their potential for much-needed job creation in South Africa.

A key characteristic of resilience among tourism SMMEs is the ability to diversify products and services offered, which also assists in responding to changing market demands. SMMEs need to be supported by both public and private (especially in relation to mentorship and incubator support by established tourism businesses) to diversify and, if needed, change their business focus and operations to respond to severe disruptions. These types of interventions build resiliency and responsiveness that meet consumer demand as well as have long-term positive impacts for tourism SMMEs to be proactive rather than rely almost exclusively on government support to deal with disruptions. This, as indicated earlier, is neither feasible nor sustainable. Tourism SMMEs also need to be responsive to changing consumption patterns (such as including preferences in terms of activities at destinations, food delivery services, video conferencing/ meetings, staycations, new apps, internet connectivity, and virtual tours).

The number of tourists and visitors to CMT locations needs to be increased to sustain tourism SMMEs at specific destinations. This can be achieved by developing tourism packages/ incentives that respond to demands (including new forms of consumption such as staycations) and targeting specific market segments. The importance of promoting domestic tourism, especially in strengthening resiliency, emerges in this study. The implementation of the NDT's (2023) Domestic Tourism Scheme remains relevant and needs traction to ensure implementation. Key aspects of the Domestic Tourism Scheme are marketing campaigns, partnerships with the private sector, discounted rates, holiday and travel vouchers, and tourism grading support programs to promote domestic travel. Promoting local destinations and specific types of tourism will also be key. The

increase in domestic tourism demand and consumption will have direct positive impacts on tourism SMMEs that will benefit from increased travel and spend. It is also important to increase spending at CMT locations, which requires a focus on the promotion and consumption of products and services that support tourism SMMEs. Developing new and/ or diversifying existing products and services can encourage more spending, especially if aligned with the needs and interests of visitors and locals.

6.4.3. Provision of support, especially funding

The COVID-19 pandemic has underscored the importance of using public funding more prudently to respond to socio-economic and environmental demands and disruptions, especially in resource-scarce contexts such as South Africa. Government funding will remain a critically important source of funding for SMMEs, especially when faced with major disruptions. The findings in this study highlight the extensive and severe financial impacts experienced by tourism SMMEs, indicating the urgent need for resilient support measures and financial recovery strategies to underpin a sustainable tourism sector. Maintaining and supporting the growth of these businesses requires adequate financial resources to be accrued by the businesses and/ or leveraged from external support. Government interventions to support SMMEs financially, albeit inadequate and not accessible by many, emerge as being critically important to assist businesses to survive the impacts of major disruptions. Furthermore, as noted earlier, while some of the tourism SMMEs were able to access financial and other types of support from public, private, and non-governmental sources, they did not meet the demand. To address this challenge, strengthening and streamlining financial recovery and support interventions are imperative to stabilize operations during times of crisis and improve capabilities to prepare for and cope with future uncertainties. Recognizing that support provided to deal with the COVID-19 pandemic was inadequate and insufficient, it is proposed that there is more targeted intervention and that a funding framework be developed. This is also proposed by the convention and events bureau key informant who indicates that interventions such as the "tourism relief fund needs to be revisited in terms of restructuring incentives and different models for different categories".

The trend evident from the survey findings and supported by the key informants that more vulnerable tourism SMMEs were less likely to be aware of support provided or benefit from interventions is of concern and warrants a rethinking of what type of support is provided, how the interventions are developed, who are targeted as beneficiaries and what would be the most effective implementation strategies to ensure that those who need the support the most benefit. The contradiction that small businesses that need assistance the most are less likely to receive the benefits was, in part, associated with the application processes and the qualifying criteria. The government needs to seriously reconsider these requirements that prevent small businesses that need the support to benefit.

Partnering with the private sector as well as tourism and small business organizations may be a better vehicle to implement funding and other support programs. As one of the key informants indicated, the government may not have the infrastructure, network, and knowledge of tourism SMMEs to provide targeted support, especially to those businesses that need it the most. The role of government should be to create an enabling environment rather than provide funding and implement interventions.

The development of a funding framework (that includes disaster insurance if funding is available) that indicates preparedness and responsiveness to deal with these situations in the future may be warranted. Building resilience among tourism businesses will also be central since this develops the capacity of businesses to cope with disruptions rather than rely on external support. The funding framework needs to have clear objectives for the support programs provided as well as outcomes that can be tracked, that is, what was expected to be achieved. Monitoring and evaluation need to be embedded as part of the implementation component of the framework to assess whether the funding framework is meeting the intended objectives and to adjust if needed.

The inadequacy of the support provided (especially funding) and dependency on government funding are also aspects that need to be addressed in a funding framework. Given that realistically, especially in the context of limited government funding in South Africa, most of these interventions are not feasible options, and there are insufficient financial resources to assist the number of businesses that need these types of support, sustainable financial/ funding strategies

should emphasize practical and implementable strategies that are likely to have positive impacts in a resource-scarce environment. Given that disruptions are likely to be the norm, the NDT needs to earmark funding and develop a framework to provide support during times of major crises. Financial aid and support provided by the government need to be more effectively implemented to target those who need it the most and increase the number of businesses that benefit. Identifying the target beneficiaries for financial assistance will provide higher levels of return on investment as well as ensure that those who need the support the most are prioritized (such as micro and informal, female and black-owned businesses as well as enterprises located in townships and rural areas that are identified in this study as important tourism SMMEs to achieve inclusion and transformation imperatives). Targeted funding instruments can also reduce the misuse of limited funding available. Although there should be clear criteria and justification of who is being targeted and why, as evident from this research, the criteria should not be unwieldy and the process to access the funding needs to be simplified so that the most vulnerable SMMEs can benefit, as the group that is likely to be most financially in need of support. The funding framework should also strategically target those SMMEs that are more established and well-positioned to trigger positive impacts for other more vulnerable tourism SMMEs and the tourism sector more broadly. Prioritizing SMMEs that are capable of catalysing considerable and extensive positive impacts, such as those focusing on events that activate multiplier effects across the tourism value chain, such as increased demand for accommodation as well as the sale of food, can purposefully foster increased demand across the tourism value chain.

Governance issues are also important to consider in relation to the funding model. Transparency, accountability, and equitable administration of the funding are important. As noted earlier, it is imperative that the selection criteria and processes prioritize the most vulnerable tourism SMMEs. The processes need to include measures to stop irregularities in the allocation of funding and how the funds are used, eliminate double-dipping (a database of tourism SMMEs and beneficiaries that is regularly updated would be useful), and ensure inclusion. The national hospitality and tourism association key informant underscored the importance of dealing with corruption in terms of funding allocation, advocating for a platform to be developed nationally to engage with the tourism sector and better understand the different categories and needs.

6.4.5. Effective communication and awareness strategies

The results show that public, private, and non-government agencies responsible for providing support to tourism SMMEs need to develop more effective communication strategies to ensure that businesses are better informed about the support being provided. An effective communication and awareness strategy, as well as clear plans to deal with disruptions, would assist in building a positive image for the tourism sector that will assist in promoting travel as well as assure prospective employees to seek jobs in this sector. Additionally, it will assist in rebuilding trust between the government and the tourism and hospitality business sector, especially given concerns raised that the top-down decisions by the government in relation to the lockdowns and restrictions that focussed almost exclusively on engaging with the health sector contributed substantially to the negative impacts experienced in the tourism sector. Clear, consultative communication with stakeholders will ensure that decisions are understood and buy-in is attained.

It is also important to note that there are major changes in the ways in which people seek and consume information that influence travel decisions and behaviors. A targeted communication approach is advocated that recognizes the diversity among tourism SMMEs as well as stakeholders that have an impact on these businesses. These stakeholders, as noted earlier, play a crucial role in ensuring the recovery and resilience of the tourism sector.

6.4.6. Provision of training

This study reveals the potential of tourism in South Africa to contribute to socio-economic development and transformation as well as enable recovery in the context of the COVID-19 pandemic and other disruptions. In this context, as noted by Bob (2023), there is a need for more attention to be paid to training and research so that the sector can take advantage of existing opportunities and be better equipped to address challenges. Furthermore, Bob (2023) asserts that the tourism sector employs many people at different levels (low to high skills positions) within different types and sizes of businesses, creating the potential for professional and vocational training. It is interesting to note that although training was not identified by most respondents as an employee adjustment adopted to cope with the pandemic, different types of training are identified as types of support needed. This points to the necessity for and importance of training for tourism SMMEs. However, it seems that current training is insufficient or does not directly

link to the needs of tourism SMMEs. The findings reveal that tourism SMMEs want to improve their capacity and ability to deal better with disruptions. This predisposition indicates the need for targeted and relevant training that aligns with the diverse needs and aspirations of tourism SMMEs. Additionally, training is an important and central component of developing resilience and promoting sustainability among tourism SMMEs. Furthermore, as indicated by the provincial tourism department key informant, tourism businesses that have shut down should be targeted to be retrained to focus on repurposing, reskilling, and re-orientation to other parts of the sector. Similarly, the national hospitality and tourism association key informant also emphasized training to focus on recovery and repositioning. This key informant also noted that educators and private organizations should form partnerships to deal with the training with the government, which has an administrative and oversight function.

Identification of the different types of training required for tourism SMMEs, who should be targeted, who should provide the training, and how the training should be provided are important considerations. The results and literature review undertaken identify key aspects that should be included in training initiatives:

- Organizational and financial management skills
- Entrepreneurship and business development
- Business continuity planning (important to build resilience and anticipate risks)
- Workforce management (including dealing with stress and anxiety)
- Destination management and marketing
- Sales and marketing (including how to effectively use social media and other online platforms)
- Customer service
- Building business partnerships and effective collaboration with stakeholders
- Leveraging funding and grants (including understanding application requirements and processes)
- Sustainability and responsible tourism practices
- Technology adoption and innovation aligned to the diffusion theory recognizing the challenges, especially micro-enterprises face in South Africa linked to accessibility/ connectivity, affordability, and technical know-how

- Problem-solving skills that embrace innovation and creativity
- Communication proficiency

A platform such as the Tourism Education Gateway being developed by the Technology Higher Education Network South Africa could be useful to create the spaces for consultation and engagement to develop a range of training programs that are aligned with the diverse needs of tourism SMMEs (Bob, 2023). The Technology Higher Education Network South Africa and/ or the NDT also need to invest in developing a database of tourism SMMEs so that information can be shared and targeted training interventions developed. This was a recommendation proposed by the convention and events bureau key informant as well that would also assist with the accreditation of different types of tourism SMMEs. This will also be key to the targeted provision of funding and other types of support when major disruptions are experienced. Similarly, the national hospitality industry trade association key informant proposed that the NDT "must establish a resource-based website that will ensure access to information for SMMEs and help the tourism and hospitality sector to become more professional, compliant, successful and up-to-date on all new trends, updates, and news in real-time". The specific information that should be included on the website was also identified by the national hospitality industry trade association key informant, such as training modules (in partnership with universities/ institutions), an operational questions and answers webpage, a 'did you know' webpage, public sector tourism and hospitality organizations stakeholders, jobs available in the sector, tourism businesses for sale, and details of specialist consultants (for example, lawyers, accountants and trainers). The higher education network/ association and academic researcher key informants also advocated for the development of a database that identifies current training and trainers so that tourism SMMEs can access this information when needed. In the South African context, in addition to universities and training colleges, government departments, private training companies, and various organizations provide tourism and business-related training (Bob, 2023). They need to be encouraged to work together to provide more effective and targeted training that aligns with the diverse needs of tourism SMMEs.

6.4.7. Research recommendations

Several research areas emerge from this research that will strengthen the current understanding of tourism SMMEs and disruption impacts and responses. Some of these include:

- Undertaking a tracer study targeting tourism SMMEs that are no longer operational in the sector. This is critically important to understand the impacts of the pandemic on tourism SMMEs more holistically since, as noted earlier, primary research (as adopted in this study) that targets SMMEs is likely to be biased towards businesses that are operational at the time of the interview. This results in tourism SMMEs that were most negatively impacted, that is, have exited operating in the tourism sector being neglected. The nature and extent of the differences in the recovery rates, as well as tracking those tourism SMMEs that exited the sector as a result of the COVID-19 pandemic, needs to be further examined. As indicated, in terms of the latter, further research needs to be undertaken to establish whether the business enterprises that exit the tourism sector transition to other sectors or if they are no longer involved in business.
- Future research needs to include other aspects of diversity and inclusion that have not been covered in this research. Specifically, the plight of rural tourism SMMEs was underscored by the key informants, but given the urban bias of the study (the case studies being urban CMT destinations), this was neglected. Research focusing on rural (and townships as vulnerable businesses as well) tourism businesses needs to be undertaken. Other variables that need further unpacking are gender and population groups, particularly focusing on women-owned and Black-owned businesses, respectively, which are important transformational imperatives in the South African context.
- The importance of location emerges strongly in the study, especially in relation to differences in profiles, impacts, responses, and needs of tourism SMMEs in Cape Town and Durban, although both are key tourism (and specifically CMT) destinations in South Africa. Given the vulnerabilities of CMT destinations to disruptions, especially the threats associated with climate change, it would be important to undertake comparative studies that include smaller and less urban CMT destinations in South Africa as well as international CMT locations. It is important to note that the methodological research designs need to be sufficiently similar to enable comparative analysis to be undertaken. Furthermore, due consideration needs to be given to national differences in the definitions

of what constitutes SMMEs and the types of support provided to businesses when disruptions that necessitate intervention, as in the case of the COVID-19 pandemic, are experienced.

- Given the sustainability and resiliency focus of this study, it is imperative that research continuously examine the extent to which tourism SMMEs are embracing and adopting sustainable practices, as well as the barriers and challenges experienced. The carbon footprint analysis could be a useful approach to track changes and identify areas that need attention. A better understanding of climate change impacts will be critical since this is a major disruption that is expected to impact the tourism sector.
- In terms of the design of the survey instrument, future research should exercise caution when developing categories for financial data, such as annual turnover, since broad categories may conceal significant differences within these ranges.
- This study underscores the importance of broader issues pertaining to sustainability and resilience. The environmental component which is central to sustainability, especially in coastal tourism locations, needs exploration in future research, especially given the increase in the frequency and intensity of climate-related disasters and growing concerns related to environmental degradation. Although climate change was included in the discussion, the primary data findings of this study did not reveal climate-related concerns that are likely to impact on the tourism sector and SMMEs. This is an important consideration for additional research given that Cape Town suffers from regular droughts (Abajian et al., 2025) and Durban has experienced major flooding and there are water quality concerns (du Plessis, 2023; Ebhuoma et al., 2024). These types of environmental concerns are relevant to tourism and SMMEs and can increase vulnerability. It is, therefore, imperative that there should be an increased focus on promoting greening technologies and strategies to enhance sustainable tourism, as noted in the literature.
- Given that disruptions will be the norm and the focus is on the capacity to deal with these disruptions, it is imperative that research be undertaken to assess whether interventions are effective in informing policy and program changes. More broadly, there is a need for tourism market intelligence that monitors trends, predicts the likelihood of disruptions, and assesses impacts. A useful way of assessing the ability to adapt and interventions is to examine the extent to which capacity among tourism SMMEs increases and vulnerability

decreases, viewed by Singh et al. (2022) as ‘two sides of the same coin’ in adaptation research.

6.4. Concluding remarks

The research shows that tourism businesses operating in specific CMT destinations are important for local economic growth and job creation. The COVID-19 pandemic has severely disrupted the tourism sector, including CMT, home to a number of vulnerable SMMEs reflected in the substantial proportion of SMMEs that experienced decreases in income and had limited response options available. Adopting a comparative approach focusing on Cape Town and Durban, guided by a multi-conceptual theoretical framework, reveals the importance of understanding locational and context-specific dynamics to examine impacts, responses, and interventions needed as CMT SMMEs recover from the COVID-19 pandemic and to be resilient to cope with future disruptions.

The results demonstrate that the impact of COVID-19 varied across different types of SMMEs and at different locations, with those in Cape Town adopting more strategies. Those SMMEs with limited resources and support were more vulnerable. Some types of businesses are better positioned to use strategies and/ or were forced to use strategies (such as retrenchments as well as using business and personal savings) that will leave them more vulnerable in the future. In adopting the locational comparative lens, tourism SMMEs in Cape Town appear to be in a better position to respond to the COVID-19 disruptions, being able to use more strategies/ options and access more resources. The results suggest higher vulnerabilities among tourism SMMEs in Durban. The importance of comparative studies is underscored by the results that emphasize differences in the two locations, which are not evident when generalizing at a national level or undertaking location-specific case studies that dominate the current research, as noted in the literature review.

SMMEs play a major role in socio-economic development, job creation, and poverty alleviation. In the South African context, they are also critical to ensure that transformation imperatives are met. The tourism sector has substantial capacity and potential to support SMMEs, which is a key reason for investments in small business development support. The COVID-19 pandemic has had and continues to have severe impacts on the tourism sector. Given the vulnerabilities among tourism SMMEs, they are likely to experience serious and prolonged challenges. It is therefore

important to examine the COVID-19 pandemic impacts on tourism SMMEs, specifically with a focus on critically assessing measures and tools used to provide support to tourism SMMEs during and after the pandemic. This study contributes substantially to providing recommendations to inform response measures to enable tourism SMMEs to recover from the pandemic impacts and increase capabilities to be more resilient in the future.

Funding and support for tourism SMMEs to cope with the disruptions is extremely limited, given the vulnerabilities in the sector as well as limited government and private sector resources. To deal with future disruptions, it is important to note that impacts and pathways to recovery are difficult to predict and are likely to be protracted. Moreover, in developing contexts such as South Africa, which faces numerous challenges and disruptions that impact the overall financial situation for SMMEs, major financial investments in the near future are unlikely to occur. Thus, it is imperative that the tourism sector, including government departments mandated to support the sector, rethinks what types of policies, strategies, and interventions should be prioritized and used, where resources (including funding) should come from, who should get the assistance, and how tourism SMMEs should be supported to be more responsive and resilient in the future.

Navigating and responding to the post-pandemic landscape will require tourism SMMEs to build resiliency through embracing and investing in sustainable practices, diversifying product offerings and digital transformation. Additionally, tourism SMMEs will need to adapt to ever-changing consumer demands and preferences, including increased awareness for eco-friendly and responsible tourism. Tourism SMMEs will also need to respond to increased reliance on technology for customer interaction, marketing, operations and feedback. Furthermore, tourism SMMEs are likely to confront challenges associated with regulatory and governance changes, environmental uncertainties and other types of disruptions. Strategic and resiliency planning that is rooted in sustainability principles will be imperative, together with developing partnerships and collaboration among the various stakeholders. Focusing on these aspects would position the sector to cope with future disruptions, including innovations and technological changes, climate-related disasters, economic recessions and violent protests.

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APPENDIX 1

Enabling Small, Medium and Micro Enterprises (SMMEs) Survival and Growth During/ Post Coronavirus Disease 2019 (COVID-19)
SMME Survey

The Coronavirus Disease (COVID-19) has devastating impacts on almost every aspect of life globally, and the tourism sector is no exception. It is therefore important to consult stakeholders on information to establish how the tourism sector has been and is likely to continue to be impacted by the COVID-19 pandemic. The Department of Tourism has appointed the University of KwaZulu-Natal (UKZN) to undertake research on "Enabling Small, Medium and Micro Enterprises (SMMEs) Survival and Growth During/ Post Coronavirus Disease 2019 (COVID-19)". This study will be important to inform the design of response measures and tools, and build capacity and resilience among SMMEs to recover from the COVID-19 pandemic, grow and deal with future disruptions.

In this context, all formal and informal tourism SMMEs involved in and/ or earning an income in the tourism sector and related activities are invited to complete this survey. It will be appreciated if you would please also forward to other tourism SMMEs you know to complete the survey as well. Since the validity of the results of the study depends on a high response rate, your participation is crucial to its success.

The survey is voluntary and anonymous. No personal information will be collected and information you provide cannot be linked to you or your business/ organization. Your anonymity and confidentiality are important and will be maintained throughout the study. Furthermore, you may withdraw your permission to participate in this study without explanation at any time. If you agree to participate, please complete the survey. You may leave out questions that you do not want to answer. The results will be made available to the Department of Tourism. Additionally, the results will be used for academic purposes (publications written by the researchers) with no reference to any individual, business or organization.

This research has been given clearance by the UKZN Human and Social Sciences Ethics Committee, and follows all guidelines for the conduct of ethical research involving human subjects. If you have any concerns about the ethical aspects of the research please call 031 260 8350 or email Hssrec@ukzn.ac.za. Dr Suveshnee Munien is the lead researcher at UKZN for the study and can be contacted at 031 2607653 or via email Munien@ukzn.ac.za.

1. I agree to voluntarily provide information and participate in the study. I acknowledge that I can withdraw from participating at any time (stop completing the survey) and can choose not to answer specific questions. Therefore [**Required answer**]:

- I provide informed consent and agree to participate. Thank you! Please respond to the questions and statements below.
- I do not provide consent and therefore do not agree to participate. Thank you for your time. Please close this web page. No information will be recorded.

DATE WHEN SURVEY IS COMPLETED IS AUTOMATICALLY RECORDED ON GOOGLE FORMS.

IF THE BUSINESS HAS OTHER BRANCHES/ ENTERPRISES IN OTHER PARTS OF THE COUNTRY OR INTERNATIONALLY, PLEASE NOTE THAT THE RESPONSES FOR THIS SURVEY SHOULD ONLY FOCUS ON THE BUSINESS WHERE THE INTERVIEW IS BEING CONDUCTED AND NOT THE COMPANY IN ITS ENTIRETY.

A. PROFILE OF BUSINESS

1. Please indicate the main (choose one) and other (choose as many as you like) parts of the tourism sector the business is involved in?

	Main	Other
Tour operators		
Tourism agency		
Tour guiding		
Tourism activities/ experiences (such as safaris, horse riding, deep sea fishing, etc.)		
Meetings, Incentives, Conventions and Exhibition (MICE) segment		
Business tourism (excluding MICE)		
Nature-based/ ecotourism (conservancies, reserves, coastal/ beach, etc.)		
Sport tourism		
Cultural tourism		
Accommodation		
Transport		
Restaurant		
Retail of goods targeting tourism		
Other (specify)		

2. Type of business

Not registered (operating informally)	
Non-Profit Organisation (NPO)	
Section 21	
Closed Corporation (CC)	
Sole Proprietor	
Proprietary Limited (PTY LTD)	
Other (specify)	

3. In which province is the business based?

	Town/ urban area	Rural	Township
Eastern Cape			
Free State			
Gauteng			
KwaZulu-Natal			
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			

4. What was/ is the business/ company's overall annual average income for the years specified?

	2019	2020	Projected for 2021
< R50 000			
R50 000 – R100 000			
R101 000 – R200 000			
R201 000 – R500 000			
R500 001 – R1 000 000			
R1 000 001 – R5 000 000			
R5 000 001 – R15 000 000			
R15 000 001 – R40 000 000			
More than R40 000 000			

5. How many people did this business/ company employ for the specified years on a permanent or temporary/ casual basis as indicated below, excluding volunteers? Note: A volunteer is defined as an individual who voluntarily assists for a small stipend, in-kind benefit (e.g. a free lunch) or without any financial or non-financial remuneration.

	Prior to the pandemic	At the time of the interview
Number of total full-time equivalent permanent staff		
Number of temporary/ casual staff		

6. If there were job/ employee losses between 2019 and currently, please indicate the main reason for job/ employee losses?

COVID-19 pandemic disruptions	
Recent social unrest	
Financial challenges (not related to the pandemic or recent social unrests)	
Other (specify)	

7. Please indicate how long the business has been operational (in years)?

Less than 2	2-5	More than 5-10	More than 10-15	More than 15-20	More than 20 (specify)

8. Is your business currently operating?

Yes, operating fully	Yes, operating partially	No

9. If not or operating partially, indicate the main reason for stopping operations or only operating partially?

_____

_____

B. COVID-19 pandemic impacts on business

1. What was, is and do you expect the status of the business activities to be during specific times in relation to the COVID-19 crisis? (Choose only one of the following options for each period)?

	Prior to the March 2020 Level 5 lockdown	From March to December 2020	From January to August 2021	When the COVID-19 virus is contained/ under control
Fully operational (continue with most business activities)				
Operating with 60% - 80% of normal business activities				
Operating with about half (50%) of normal business activities				
Operating less than half (50%) of normal business activities				
Closed (cancelled or indefinitely postponed work)				

1.1. If disrupted in any way (that is, not fully operational from the time COVID-19 was detected), please indicate the main reason for not being fully operational?

Own choice/ voluntary	Could not operate normally because of COVID-19 government regulations	Social unrest	Other (specify)

2. Indicate the extent to which the business was impacted in relation to the aspects below as a result of the COVID-19 pandemic?

	Increased	Decreased	Remained the same/ no change
Sales/ demand for goods and services			
Cash flow availability			
Ability to access financial support such as loans and grants			
Supply of inputs and raw materials			
Change in the prices of supplies			
Supply of products for resale			

3.1. How long do you think it will take for the business to fully recover from the negative impacts of the COVID-19 pandemic after the COVID-19 pandemic has been brought under control?

Not negatively affected	
Less than 1 year	
1 year to less than 2 years	
2 years to less than 5 years	
5 years to less than 10 years	
10 years and more	
Don't know	

3.2. How long do you think it will take for the tourism sector to fully recover from the negative impacts of the COVID-19 pandemic after the COVID-19 pandemic has been brought under control?

Less than 1 year	
1 year to less than 2 years	
2 years to less than 5 years	
5 years to less than 10 years	
10 years and more	
Don't know	

4. How is this pandemic likely to change the operations of the business in the long-term/ after the COVID-19 pandemic has been brought under control? (Choose as many as you like)

No impact – will go back to business as usual	Have stricter controls to ensure adherence to improved health practices in terms of hygiene	Change the type of business in (different from tourism sector)
Use online/ virtual platforms more	Other (specify)	

C. STRATEGIES AND RESPONSES

1. Which of the following strategies was and is being used to keep the business going to deal with the COVID-19 disruptions? (Choose as many as you like)

No adjustment needed	
Employee changes (if business/ establishment has employees)	
Granting paid leave to employees	
Granting unpaid leave to employees/ furloughed staff	
Ending the employment of employees/ retrenchments	
Arranging for greater flexibility to work from home if staff employed	
Reduced employment time/ working hours	
Reduced salaries/ wages	
Reducing employment benefits offered	
Upskilling or training self and employees	
Staff being quarantined/ self-isolating (staff or family member being ill or exposed to a virus)	
Business adjustments	
Starting or changing to new business venture/s	
Suspending business activities not to incur costs	
Refunding clients/ customers	
Agreeing with clients/ customers to postpone (but not cancel) activities until a future date	
Changing refunding/ cancellation policies	
Planning activities/ events that can be done at a later date after the crisis	
Adjusting marketing strategies (such as lowering prices, special deals, etc.)	
Changing offering/ products/ services	
Introducing alternative services/ products	
Moving business activities, such as meetings and training, online/ virtual platforms	
Financial changes	
Using business reserves or savings	
Using personal (including support from family) reserves or savings	

Applying for a new loan, or an extension of a current loan	
Asking landlords and service providers for reduced rates or waivers on payments	
Getting relief funding from government sources/ applying for government funding	
Applying for relief resources from non-government sources	
Seeking donations/ crowdfunding from the public	
Cancelled renovations, expansion, upgrades and/ or improvements	
Sell/ vacate business premises	

1.1. If there other strategies that the business/ establishment used or is using that are not included above, please specify which strategies.

_____

_____

_____

2. Are there strategies that you would like to use but are not in a position to do so currently?

Yes	No

2.1. If not able to use the strategies, what is/ are the reason/s? (Choose as many as you like)

Do not have sufficient funding	Do not qualify for a loan or to extend current loan	Do not have the information to apply for funding/ seek relief
Do not have suitable alternative premises	Lack of suitable business premises/ spaces outside the home	Do not have any or reliable internet access
Other (specify)		

D. SUPPORT AND RECOVERY

1. Do you know about government support being offered to businesses/ establishments like yours?

Yes	No

2. If yes, do you qualify for the support being offered to businesses by the government?

Yes	No	Don't know/ maybe

3. Did the business benefit from any form of support to deal with COVID-19 pandemic related impacts?

Yes	No

3.1. If yes, specify which organizations/ institutions provided the support and what type/s of support was received? (Choose as many as you like)

National government departments	
Provincial government departments	
Local government departments	
Tourism organisations	
Banks/ financial institutions	
Private sector (tourism businesses)	
Private sector (not tourism businesses)	
Philanthropic organizations (religious bodies, charitable organizations, etc.)	
The general public via donations/ crowd funding	
Other (specify)	

3.2. If yes, which type of support/ relief fund did the business benefit from/ were able to access?

COVID-19 Unemployment Insurance Fund (UIF) Temporary-Employee Relief Scheme (TERS)	
COVID-19 Tourism Relief Fund for SMMEs	
Other (specify)	

4. If accessed support, has the support been adequate/ helpful?

Yes	No

4.1. If no, provide reasons why not adequate/ helpful.

_____

_____

_____

4.2. If no support is/ was accessed from external sources to assist with the COVID-19 impacts, what were the reason/s for not getting the support?

Not aware of support	Difficult to apply	Do not qualify/ meet criteria	Applied but was not successful	Applied and awaiting response	Other (specify)

5. Which kinds of support would be useful to the business and the tourism sector more generally to recover from the COVID-19 pandemic impacts? Please also indicate if the establishment has benefitted from any of these interventions. (Choose as many as you like)

None	
No interest grants/ cash transfers	
Low interest/ subsidised loans or bridging finance	
Deferral or mortgage, rent or utility payments	
Rollover of debt payments, deferral of credit payments or suspension of interest payments	
Deferment of tax	
Relief from paying employee contributions to the Unemployment Insurance Fund (UIF)	
Advice/ training on business recovery and strategy	
Advice/ training on health and safety precautions	
Advice/ training on how to deal with stress/ anxiety	
Sharing of best practices from other businesses	
Online/ virtual training opportunities for business	
Non-financial support, such as management or legal advice and loan application assistance	
Provision of Personal and Protective Equipment (PPE) such as masks and sanitizers	

5.1. Are there any additional types of support/ interventions that could assist **the business** to recover from COVID-19 pandemic impacts?

_____

_____

_____

5.2. Are there any additional types of support/ interventions that could assist **the tourism sector** more generally recover from COVID-19 pandemic impacts?

_____

_____

6. What should national government specifically be focusing on to assist the tourism sector, especially SMMEs, to recover?

_____

_____

7. What conditions will ensure that the business recovers more quickly from the COVID-19-related impacts?

Reopening/ resumption of international travel/ tourism	
Increase in domestic tourism	
Attractions, entertainment, leisure and recreational facilities to be fully operational and open	
Improved safety and security measures	
Compliance with health safety protocols	
Population to be vaccinated	
Being competitive internationally to attract tourists	
Other (specify)	

8. How can the tourism sector become more resilient/ capable of dealing with future disruptions such as pandemics, social unrest and climate-related disasters?

_____

_____

_____

E. ADDITIONAL COMMENTS

1.1. Please provide any additional comments/ information regarding the impacts of the COVID-19 pandemic on **your business/ establishment** and what can be done to ensure that the business fully recovers.

_____

_____

1.2. Please provide any additional comments/ information regarding the impacts of the COVID-19 pandemic on **the tourism sector** and what can be done to ensure that the tourism sector, especially SMMEs, fully recover.

_____

_____

1.3. Please provide any additional comments/ information regarding the impacts of social unrest experienced in South Africa recently on your business and on the tourism sector more generally?

_____

_____

THANK YOU FOR YOUR PARTICIPATION! For queries contact:
Dr Suveshnee Munien (UKZN) - Munien@ukzn.ac.za or 031 260 7653

If you know of other businesses or organizations in the tourism sector who would be willing to complete the survey, please feel free to forward them the link.

APPENDIX 2

Key Informants Interview Guiding Questions

INFORMED CONSENT FORM FOR FACE-TO-FACE KEY INFORMANT INTERVIEWS
HUMAN SUBJECTS RESEARCH CONSENT LETTER

University of KwaZulu-Natal
Letter of Informed Consent
Date:

Enabling Small, Medium and Micro Enterprises (SMMEs) Survival and Growth During/ Post Coronavirus Disease 2019 (COVID-19)

The Coronavirus Disease 2019 (COVID-19) pandemic has devastating impacts on almost every aspect of life globally, and the tourism sector is no exception. It is therefore important to collect information to establish how the tourism sector has been and is likely to continue to be impacted by the COVID-19 pandemic. The Department of Tourism has appointed the University of KwaZulu-Natal to undertake research on "Enabling Small, Medium and Micro Enterprises (SMMEs) Survival and Growth During/ Post Coronavirus Disease 2019 (COVID-19)". This study will be important to inform response measures and tools, and build capacity and resilience among SMMEs to recover from the COVID-19 pandemic and deal with future disruptions.

In this context, as a knowledgeable and key stakeholder in the tourism sector, you are invited to share your personal reflections and experiences as a practitioner/ researcher and not to represent the views/ position of the organization you work in regarding the COVID-19 pandemic impacts on SMMEs and what can be done to create an enabling environment for SMMEs to survive and grow during and post the COVID-19 pandemic. Your participation in the interview is voluntary and anonymous. No personal information will be collected and the information you provide cannot be linked to you or your business/ organization. Your anonymity and confidentiality is important and will be maintained throughout the study. Furthermore, your participation is entirely voluntary and you may withdraw your permission to participate in this study without explanation at any time. The results will be made available to the Department of Tourism. Additionally, the results will be used for academic purposes (publications written by the researchers) with no reference to any individual, business or organization.

This research has been given clearance by the University of KwaZulu-Natal (UKZN) Human and Social Sciences Ethics Committee, and follows all guidelines for the conduct of ethical research involving human subjects. If you have any concerns about the ethical aspects of the research please call 031 260 8350 or email Hssrec@ukzn.ac.za. Dr Suveshnee Munien is the lead researcher at UKZN for the study and can be contacted at 031 2607653 or via email Munien@ukzn.ac.za.

For **face-to-face interviews**, please complete the section below or record consent if electronic/ telephonic interview:

I hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participate in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of Participant: …….. Date: ……

I may/ may not voice record the interview.

Enabling Small, Medium and Micro Enterprises (SMMEs) Survival and Growth During/ Post Coronavirus Disease 2019 (COVID-19)

1. How has the COVID-19 pandemic affected tourism SMMEs in South Africa? Which types of tourism SMMEs are most impacted and why? Are there different impacts in urban, rural and township areas?
2. What are the external and internal drivers/ factors (including government responses to the COVID-19 pandemic) that have impacted on tourism SMME responses to the COVID-19 pandemic?
3. What are the external and internal drivers/ factors that have impacted on tourism industry and government responses to the COVID-19 pandemic, specifically in relation to providing support to tourism SMMEs?
4. How have SMMEs specifically and the tourism sector in South Africa generally responded to, are responding to and plan to respond to the rapid changes and disruptions caused by the COVID-19 pandemic? How similar or different are these responses to other sectors in South Africa and international responses?
5. What types of measures and tools have been and are being used in South Africa to enable the survival of tourism SMMEs during economic hardships and particularly during the COVID-19 crisis, globally, in both the private and public sectors? Who or how was the support provided?
6. How are tourism SMMEs being supported by the private and public sectors in other countries to survive or deal with the disruptions/ impacts of the COVID-19 pandemic? How are these responses similar/ different to those in South Africa?
7. How effective are the measures and tools used to enable the survival of tourism SMMEs during the COVID-19? Which types of measures and tools were effective and which were not? What were the reasons for ineffectiveness and how can this be addressed in the future?
8. What types of support do tourism SMMEs need (including measures and tools that are not currently used) and who should be responsible for providing the support? Do the types of support need differ in urban, rural and township contexts?
9. What strategies can be adopted to support tourism SMMEs that are no longer operating to become operational?

10. How should tourism SMMEs be supported and positioned to be more agile and resilient to deal with future disruptions (such as pandemics, social unrest and climate disasters) and ensure that they are on a sustainable path to recovery? What can be done to contribute to future resilience to address disruptions among tourism SMMEs?
11. What support should be prioritised that enables SMMEs to survive and grow during/ after the Covid-19 pandemic? (Probe: capacity building, finance, infrastructure, etc.)

APPENDIX 3

Ethics Approval Letter

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

22 September 2021

Dr Suveshnee Munien (653144)
Prof Urmilla Bob (7234)
School Of Agri Earth & Env Sc
Westville Campus

Dear Researchers,

Protocol reference number: HSSREC/00003352/2021
Project title: Enabling Small, Medium and Micro Enterprises Survival and Growth During/Post Coronavirus Disease 2019
Non-Degree

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 17 September 2021 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL.**

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 22 September 2022.
To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/dd

APPENDIX 4

Covering letter from the NDT

tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

Private Bag X424, Pretoria, 0001, TourismHouse, 17 Trevenna Street, Sunnyside, Pretoria, 0002
Tel: +27 (0)12 444 6000, Fax: +27 (0)12 444 7000, Call Centre: 0860 121 929, www.tourism.gov.za

Ref: 13/2/1/7
Enquiries: Dr K Tlabela
Tel: 012 444 6384
Email: ktlabela@tourism.gov.za

To whom it may concern

REQUEST FOR PERMISSION TO ACCESS INFORMATION AND RELEVANT PARTICIPANTS FOR RESEARCH PURPOSES

The Department of Tourism signed a Memorandum of Agreement (MoA) with the University of KwaZulu-Natal (UKZN) as one of the institutions appointed in a panel to conduct research for a duration of three (3) years. For the financial year 2021/22, UKZN research team led by Prof Urmilla Bob as the principal investigator will conduct a study, titled "*Enabling small, medium and micro enterprises (SMMEs) survival and growth during/post Covid-19*". The study aims to assess measures and tools used to enable the survival and growth of tourism SMMEs during economic hardships and particularly during COVID-19. Furthermore, the study aims to develop and/ or recommend sustainable intervention tools and measures that may be used to enable the survival and growth of tourism SMMEs in South Africa during and post COVID-19.

This letter seeks to request permission for your organisation to allow the research team from UKZN to access information and relevant potential participants as part of data collection for the study. The findings and recommendation emanating from the study will assist the Department to improve its plans, policies and decision-making to benefit the tourism sector. Please be informed that the information gathered during this process will be kept confidential and be used for the purpose of the study only. We therefore reiterate that all efforts to protect and keep the information confidential will be adhered to.

Should you require more information, please do not hesitate to contact Dr Khoadi Tlabela on telephone number, [redacted] or [redacted] or e-mail: [redacted]

The Department looks forward to working with your organisation in conducting tourism research.

Yours Sincerely,

[redacted]
Director-General
Letter signed by: Ms S. Ngidi
Designation: Deputy Director-General (Acting): Tourism Research Policy and International Relations
Date: 03/09/2021

Departement van Toerisme • uMnyango Wezokuvakasha • iSebe lezoKhenkatho • umNyango wezokuVakatjha Litiko Letekuvakasha • Kgoro ya tša Boeti • Lefapha la Bojanala • Lefapha la Bohahlaudi • Ndzawulo ya VupfhumbaMuhasho wa Vhuendelamashango